

# County of San Diego, California

Comprehensive Annual Financial Report  
For the fiscal year ended June 30, 2010

*Performance with distinction*



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County of San Diego, California

# Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2010



## Board of Supervisors

Greg Cox	District 1
Dianne Jacob	District 2
Pam Slater-Price	District 3
Ron Roberts	District 4
Bill Horn	District 5

Walter F. Ekard  
Chief Administrative Officer

## Compiled under the direction of

Donald F. Steuer  
Chief Financial Officer

Tracy M. Sandoval  
Auditor and Controller

## Introductory Section

<b>Letter of Transmittal .....</b>	<b>1</b>
<b>GFOA Certificate of Achievement .....</b>	<b>11</b>
<b>Board of Supervisors .....</b>	<b>12</b>
<b>Organizational Chart .....</b>	<b>13</b>
<b>Other Elected and Appointed Officials .....</b>	<b>14</b>

## Financial Section

<b>Independent Auditor's Report .....</b>	<b>15</b>
<b>Management's Discussion and Analysis .....</b>	<b>17</b>
<b>Basic Financial Statements .....</b>	<b>31</b>
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets .....	32
Statement of Activities .....	33
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds.....	35
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide	
Statement of Net Assets .....	36
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of	
Governmental Funds to the Statement of Activities .....	38
Statement of Net Assets - Proprietary Funds .....	39
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds.....	40
Statement of Cash Flows - Proprietary Funds .....	41
Statement of Fiduciary Net Assets - Fiduciary Funds .....	42
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds .....	43
<b>Contents - Notes to the Financial Statements .....</b>	<b>45</b>
<b>Notes to the Financial Statements .....</b>	<b>47</b>
<b>Required Supplementary Information .....</b>	<b>79</b>
<b>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:</b>	
General Fund .....	80
Public Safety Fund .....	83
Tobacco Endowment Fund .....	84
Notes to Required Supplementary Information - Budgetary Information .....	85
<b>Combining and Individual Fund Information and Other Supplementary Information .....</b>	<b>87</b>
<b>Combining Balance Sheet:</b>	
Nonmajor Governmental Funds .....	91
Special Revenue Funds.....	92
Debt Service Funds.....	96
Capital Projects Funds.....	97
<b>Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:</b>	
Nonmajor Governmental Funds .....	98
Special Revenue Funds.....	99
Debt Service Funds.....	103
Capital Projects Funds.....	104
<b>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:</b>	
Air Pollution Fund .....	105
Asset Forfeiture Program Fund.....	106
Cable TV Fund .....	107
County Library Fund.....	108
County Service District Funds .....	109
Edgemoor Development Fund .....	112
Flood Control District Fund.....	113
Housing Authority Fund.....	114
Housing and Community Development Fund.....	115
In Home Supportive Services Public Authority Fund .....	116
Inactive Wastesites Fund .....	117
Inmate Welfare Program Fund .....	118
Lighting Maintenance District Fund.....	119
Other Special Districts Funds .....	120

Park Land Dedication Fund .....	121
Redevelopment Agency Fund.....	122
Road Fund .....	123
<b>Combining Financial Statements - Nonmajor Enterprise Funds .....</b>	<b>125</b>
Combining Statement of Net Assets.....	126
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	127
Combining Statement of Cash Flows .....	128
<b>Combining Financial Statements - Internal Service Funds .....</b>	<b>129</b>
Combining Statement of Net Assets.....	130
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	132
Combining Statement of Cash Flows .....	134
<b>Combining Financial Statements - Investment Trust Funds .....</b>	<b>137</b>
Combining Statement of Fiduciary Net Assets .....	138
Combining Statement of Changes in Fiduciary Net Assets .....	139
<b>Combining Financial Statements - Agency Funds .....</b>	<b>141</b>
Combining Statement of Changes in Assets and Liabilities .....	142

## Statistical Section

Introduction .....	143
Net Assets by Component .....	144
Changes in Net Assets.....	145
Fund Balances Governmental Funds .....	147
Changes in Fund Balances Governmental Funds .....	148
Assessed Value of Taxable Property .....	149
Property Tax Rates - Direct and Overlapping Governments.....	150
Principal Property Taxpayers .....	151
Property Tax Levies and Collections .....	152
Ratios of Outstanding Debt by Type .....	153
Ratios of General Bonded Debt Outstanding .....	154
Legal Debt Margin Information .....	155
Pledged-Revenue Coverage.....	156
Demographic and Economic Statistics.....	157
Principal Employers .....	158
Full-time Equivalent County Government Employees by Function .....	159
Operating Indicators by Function .....	160
Capital Asset Statistics by Function .....	161



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# Introductory Section

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## County of San Diego

**DONALD F. STEUER**  
CHIEF FINANCIAL OFFICER  
(619) 531-5413  
FAX (619) 531-5219

AUDITOR AND CONTROLLER  
1600 PACIFIC HIGHWAY STE 166, SAN DIEGO, CALIFORNIA 92101-2478

**TRACY M. SANDOVAL**  
ASST. CHIEF FINANCIAL OFFICER/  
AUDITOR & CONTROLLER  
(619) 531-5413  
FAX (619) 531-5219

November 22, 2010

To the honorable members of the Board of Supervisors and the Citizens of San Diego County:

The Comprehensive Annual Financial Report (CAFR) of the County of San Diego (County) for the fiscal year ended June 30, 2010, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Macias Gini & O'Connell LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of San Diego's financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### COUNTY PROFILE

San Diego County is the southernmost major metropolitan area in the State of California and covers 4,261 square miles, extending 75 miles along the Pacific Coast from Mexico to Orange County, and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern boundary. The County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert in the east. The Cleveland National Forest occupies much of the interior portion of the County. The climate is equable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is 10 inches, so the

County is highly dependent on imported water.

The County population in January 2010 was estimated to be 3,224,432, an increase of 1.2% over the January 2009 revised estimated figure of 3,185,462, and it is the second largest county by population in California behind Los Angeles County. There are 18 incorporated cities in the County; of them, the City of San Diego is the largest, with a population of approximately 1.376 million, and Del Mar is the smallest, with a population of approximately 4.7 thousand. In addition, Tijuana, Mexico, with an estimated population of approximately 1,784,034 in 2009 according to the National Population Council (CONAPO), is a substantial urban neighbor with a shared border, workforce, and economy.

The racial and ethnic composition of the County is as diverse as its geography. The regional population for 2030 is forecasted to be 3.9 million according to the San Diego Association of Governments' (SANDAG's) 2050 Regional Growth Forecast released in February 2010. SANDAG projects that in 2030 San Diego's population breakdown will be 41.9% White, 37.0% Hispanic, 11.4% Asian and Pacific Islander, 5.4% African American, 3.5% two or more races, and 0.8% in all other groups. While the County's racial and ethnic diversity is expected to change dramatically, SANDAG also projects a dramatic shift in the age structure of the county. SANDAG is projecting that the population of residents 65 years and older will increase by 79% by 2030 compared to a 20.0% increase for the population as a whole.

## COUNTY GOVERNMENT, ECONOMY AND OUTLOOK

### County Government

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. Each board member must reside in the district from which he or she is elected. The Board of Supervisors sets priorities for the County and oversees most County departments and programs and approves their budgets. Per California Government Code Section 23005, the County may exercise its powers only through the Board of Supervisors or through agents and officers acting under the authority of the Board or authority conferred by law. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. The Chief Administrative Officer appoints the Chief Financial Officer, the Auditor and Controller and all other appointive officers. The CAO assists the Board of Supervisors in coordinating the function and operations of the County; is responsible for carrying out all of the Board's policy decisions that pertain to the functions assigned to that officer; and supervises the expenditures of all departments. Elected officials head the offices of the Assessor/ Recorder/ County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. The County provides a full range of public services to residents, including law enforcement, detention and correction, emergency response services, health and sanitation, parks and recreation, libraries and roads. The County also serves as a delivery channel for many State services, such as foster care, public health care and elections. These services are provided by five business Groups (Public Safety, the Health and Human Services Agency, Land Use and Environment, Community Services and Finance and General Government), each headed by a General Manager [Deputy Chief Administrative Officer (DCAO)] who reports to the CAO. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, with eligible costs subject to reimbursement according to specific guidelines; however, not all mandated costs are reimbursed.

### Economy and Outlook

The U.S. economy suffered through a very deep recession beginning in December 2007 and ending in June 2009 according to the National Bureau of Economic Research (NBER). The recession lasted approximately 18 months making it the longest recession since the 1930s. The economic events of September and October, 2008, in particular, have had far reaching and long-term impacts on the financial markets in the U.S and around the world.

A series of federal fiscal and monetary policy actions were initiated to address the credit crisis and economic volatility. The

Federal Reserve engaged in an extraordinary policy of monetary easing by expanding its balance sheet, purchasing private assets and bringing the Federal Funds rate down to near zero. In addition, the Treasury was authorized \$700 billion under the Troubled Assets Relief Program (TARP) for capital infusions to banks, term securities lending facilities, auto loans, and a housing plan. Moreover, on February 17, 2009, the President signed into law the American Recovery and Reinvestment Act (ARRA) of 2009 designed to stimulate the nation's sputtering economy.

The global decline in economic activity necessitated a coordinated international response for a recovery in economic output and revival in world trade. Actions in April 2009 by the G-20 produced a global plan for recovery and reform.

Although nationally there have been modest improvements in recent economic data and a general easing in financial conditions, the economy will be restrained by weak housing market activity, weak state and local government spending, and weak spending on offices and factories. With unemployment still high and weak disposable income growth, consumer spending strength is also in doubt.

San Diego County was one of the first areas in California and the nation to experience the housing price meltdown, feel the financial impacts from the credit crisis, and experience a jump in loss of jobs. The unemployment rate for the County has been lower than that of the State for the last 10 years. While the unemployment rate has remained lower than the State rate, the County's unemployment rate has jumped from 6.3% at June 30, 2008 to 10.5% at June 30, 2010. The State unemployment rate increased from 7.6% to 12.8% during the same period.

The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. For example, there is an increased demand for public assistance, while at the same time the State and local resources available to fund those services are shrinking. Fewer customers seeking land development or building permit services increases the difficulty of maintaining core services for these fee-based programs. The real estate market slump has impacted the County's general purpose revenue (GPR), although GPR is expected to increase marginally in Fiscal Year 2010-11 from Fiscal Year 2009-10. General purpose revenue is relied upon to fund local services where no other funding is available, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. The State of California's budget has been severely impacted by the recession and consequently has had to cut funding to local governments in many program areas.

County management continues to evaluate and respond to the changing economic environment and its impact on the cost and the demand for County services. Specific actions are detailed in the Fiscal Year 2010-11 Adopted Operational Plan which can be accessed at <http://www.sdcountry.ca.gov/auditor/opplan/adoptedlist.html>.

## County's Economic Base

The County's economic base consists of a significant manufacturing presence in the fields of electronics and shipbuilding, a large tourist industry attracted by the favorable climate of the region, and a considerable defense-related presence. Highlights of County employment as of July 2010 are listed below:

- ◆ Non-agricultural, industry employment totaled 1,212,900 jobs. This represents a loss of 27,300 jobs from the unadjusted July 2009 employment figures.
- ◆ The services industry, including information, professional and business services, education and health services, leisure and hospitality, and other services, constitutes the largest employment sector and accounted for approximately 48.1% of non-agricultural employment, with a total of 583,700 employed.
- ◆ The wholesale and retail trade industries were the second largest non-government sector, comprising approximately 14.0% of non-agricultural employment totaling 169,300 jobs.
- ◆ Government accounted for approximately 17.8% of non-agricultural employment (215,500). San Diego's military presence contributes to this significant component.
- ◆ Manufacturing accounted for an additional 7.5% of non-agricultural employment (90,800).
- ◆ The construction sector is greatly influenced by the general health of the economy, and in particular, population and housing growth. Construction employment, which accounted for 4.9% of total non-agricultural employment or 58,900 jobs, was down 8,100 jobs from the unadjusted July 2009 employment figures. The continued low level of residential building permits and continued high level of foreclosures combined with the marginally improving median home prices are expected to continue to adversely impact construction jobs through the end of 2010 and into 2011.
- ◆ The financial sector, including finance, insurance, real estate and related employment, represents 5.6% of non-agriculture employment (67,900). Financial activities experienced a reduction of 6,400 jobs from the unadjusted employment figures for July 2009.
- ◆ Transportation, Warehousing and Public Utilities accounts for 2.2% of non-agricultural employment (26,500).
- ◆ Agriculture and mining accounted for approximately 0.7% of total employment.
- ◆ Self-employed, household domestic workers and miscellaneous other categories not captured in industry employment represents approximately 13.2% of total employment (186,600). This category experienced an increase of 23,100 jobs from the unadjusted employment figures for July 2009.
- ◆ The San Diego County region experienced a net job loss of 5,700 from the July 2009 unadjusted employment figure of 1,414,600 (representing civilian labor force data by place of residence including self-employed, household domestic workers, unpaid family workers and workers on strike) to the

July 2010 level of 1,408,900. This compares to a decrease of 61,700 jobs the previous year. The County has been in the midst of significant volatility. San Diego's index of leading economic indicators has trended higher since April 2009, indicating gradual economic improvement overall. While a strong economic recovery is not expected for some time, 2011 should see continued signs of improvement for the region.

County revenues that are affected by the state of the local economy include property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by interest rates and employment levels. Although short and long-term interest rates are low by historical standards, there is continued uncertainty regarding the pace of economic recovery at the national, state and local levels.

An impact of the overall housing market decline is an improvement in the California Association of Realtors index for first-time buyers throughout California. Based on the California Association of Realtors' First Time Buyer Housing Affordability Index, San Diego's housing affordability index, (the percentage of households that can afford to purchase an entry-level home) stood at 58% in June 2010. Although this is a slight decrease from a high of 60% in March 2009, it is still up from 57% in December 2008, up from 33% in December 2007, and up from 27% in December 2006. This index is based on an adjustable rate mortgage and assumes a 10% down payment and a first-time buyer purchase of a home equal to 85% of the prevailing median price. The improvement in the percentage of households that could afford to buy an entry-level home in San Diego was based on the market driven drop in entry-level priced homes and the corresponding adjustment to the monthly payment needed (including taxes and insurance) and an adjustment to the qualifying income level for the lower priced entry-level homes.

Sources: State of California Department of Finance, San Diego Association of Governments (SANDAG) - San Diego's Regional Planning Agency, UCLA Anderson Forecast for the Nation and California, the State of California Employment Development Department, and the California Association of Realtors.

## GENERAL MANAGEMENT SYSTEM

The County's General Management System (GMS) is the framework that establishes and guides the management of County operations and service delivery to residents, businesses and visitors. The County sets goals, prioritizes the use of resources, evaluates performance, ensures cooperation and recognizes accomplishments in a structured and coordinated way. By doing so, the County of San Diego moves away from the negative image of "red tape" and "government bureaucracy" into an organization that values and implements efficiency, innovation and fiscal discipline and one that provides focused, meaningful services to improve lives and benefit the community.

At the heart of the GMS are five overlapping components which ensure that the County asks and answers crucial questions:

Strategic Planning asks: Where do we want to go? The Strategic Plan looks ahead five years to anticipate significant needs, challenges and risks that are likely to develop and sets goals for the future. Long-range strategic planning requires assessing both where the County is and where it wants to be.

Operational Planning asks: How do we get there from here? Operational Planning allocates resources to specific programs and services that support the County's long-term goals as articulated in the Strategic Plan over the next two fiscal years. This includes adoption of an annual budget and approval in principle of a second year spending plan.

Monitoring and Control asks: How is our performance? Monitoring and Control shows whether the County is on track to achieve its goals. The County evaluates its progress at regular intervals and makes necessary adjustments. Progress is evaluated monthly, quarterly and annually.

Functional Threading asks: Are we working together? Although the County is divided into distinct groups, departments and divisions for operational purposes, the County has many critical functions and goals that cross these organizational lines. Functional threading ensures coordination throughout the organization to pursue shared goals, solve problems, maximize efficiency and exchange information.

Motivation, Rewards and Recognition asks: Are we encouraging excellence? County employees must embrace the GMS disciplines. This requires setting clear expectations, providing incentives, evaluating performance and recognizing those who meet or exceed expectations. Motivation, Rewards and Recognition encourages individual and group excellence. The Operational Incentive Plans, Departmental Excellence Goals, the Do-It-Better-By-Suggestion (DIBBS) program and department recognition programs are the primary ways the County recognizes employees and encourages excellent performance.

The five GMS components form an annual cycle that is renewed each fiscal year with review of the Strategic Plan and development of a new Operational Plan.

## STRATEGIC AND OPERATIONAL PLANNING (BUDGETARY) PROCESS

As noted above, a five-year Strategic Plan is updated annually to provide long-term direction to County managers and staff. Each fiscal year a two-year Operational Plan is prepared and details each department's strategic objectives and the resources required to achieve them. The Operational Plan is monitored regularly and is linked to the GMS system of rewards and recognition. The annual Line-Item Budget incorporates the first year of the Operational Plan and is formally adopted by the Board of Supervisors pursuant to Government Code Section 29000 et seq. During the year, departments may request budget adjustments for new and existing programs. In addition, the Chief Administrative Officer reviews the status of the County's performance against budget in a quarterly status report to the Board of Supervisors.

## FINANCIAL (BUDGETARY) POLICIES

Government Code Sections 29000 through 30200 provide the statutory requirements pertaining to the form and content of the County's Budget. Government Code Section 29009 requires a balanced budget in the proposed and final budgets, defined as "the budgetary requirements shall equal the available financing".

County Charter Section 703 establishes the Chief Administrative Officer as responsible for all Group/Agencies and their departments (except departments with elected officials as department heads) and for supervising the expenditures of all departments and reporting to the Board of Supervisors on whether specific expenditures are necessary.

County Administrative Code Article VII establishes the components and timeline for the budget process and establishes the Chief Administrative Officer as responsible for budget estimates and submitting recommendations to the Board of Supervisors.

The County has the following financial policies that serve as guidelines for the budget process:

### Board of Supervisors Policies

A-136 Use of County of San Diego General Management System for Administration of County Operations: Establishes the General Management System (GMS) as the formal guide for the administration of County departments, programs and services, and ensures that all County departments and offices operate in compliance with the GMS.

B-29 Fees, Grants, Revenue Contract: Provides a methodology and procedure to encourage County departments to recover full cost for services whenever possible.

B-71 Fund Balance and Reserves: Establishes guidelines regarding the use of fund balance and the maintenance of reserves in order to protect the fiscal health and stability of the County. Expenditures for services are subject to fluctuations in demand and revenues are influenced by changes in the economy and by State and federal regulations. This policy ensures the County is prepared for unforeseen events by establishing and maintaining prudent levels of fund balance and reserves.

M-13 Legislative Policy: State-Mandated Local Program Costs: Calls on the State and Federal Legislature to encourage equitable reimbursement of mandated local program costs.

M-26 Legislative Policy: Long-Term Financing of Local Agencies: Calls on the Legislature to redress inequitable State funding formulas.

### Administrative Manual

0030-01 Full Cost Recovery of Services: Establishes a procedure within the framework of Board of Supervisors Policy B-29, to serve as guidance in the process of recovering full costs for services provided to agencies or individuals outside the County of San Diego organization under grants or contracts or for which fees may be charged.

0030-06 State Mandated Cost Recovery: Establishes guidelines to attempt full recovery of all State mandated costs resulting from chaptered legislation and executive orders.

0030-14 Use Of One-Time Revenues: One-time revenue will be appropriated only for one-time expenditures such as capital projects or equipment, not to ongoing programs.

0030-18 Transfers Of Excess Cash Balances To General Fund: Provides for transfer of excess cash balances to the General Fund from funds within the County's area of financial and cash management which contain earnings or moneys in excess of those funds' requirements.

0030-19 Revenue Match Limitation: Revenue matches will be limited to the mandated level unless clear justification is provided which results in a waiver of this policy by the Board of Supervisors.

0030-22 Revenue Management - Auditor and Controller & Chief Administrative Responsibilities: Chief Financial Officer/Auditor and Controller and Chief Administrative Officer are responsible for reviewing and evaluating revenues from all sources in order to maximize these revenues within legal provisions and to institute internal controls and systems to be used by departments to estimate, claim, and collect revenues.

## STRATEGIC INITIATIVES AND ACHIEVEMENTS

The inability of State government to develop a viable long-term solution to its budget imbalance remains a risk to funding and stability of County programs, since State aid is the primary source of County revenues. The widening gap between State funding and the cost of administering services is coupled with a slow economy. The County has lost significant funding from the State, which is grappling with the economic downturn in the context of its lack of financial solvency and discipline while at the same time, revenues the County receives directly, such as property and sales taxes, have flattened or decreased and the cost of fuel, building materials and other materials needed to provide services to the public continues to rise.

Notwithstanding, County government continues to follow the map of the Strategic Plan developed within the discipline of the GMS. The County's Strategic Plan clearly identifies the organization's priorities so that both the public and employees can better understand how the County will use its resources during the next five years and what to expect as a result. Consistent with the County's GMS, activities undertaken to achieve these goals will be tracked and reported throughout the year, to ensure accountability and results. The Strategic Initiatives focus on what the County will do to serve the public and change over time as public needs, desires and priorities change. The County's strategic Initiatives are:

- ♦ **Kids** - Improve opportunities for children and families.
- ♦ **The Environment** - Manage the region's natural resources to protect quality of life and support economic development.
- ♦ **Safe and livable Communities** - Promote safe and livable communities.

The Strategic Plan also includes Required Disciplines that address the County's internal priorities. The Required Disciplines are the foundation the County organization must establish to accomplish our public service goals efficiently and effectively. They set the standards for continued operational excellence the County is committed to achieving. These Required Disciplines are:

- ♦ Fiscal Stability
- ♦ Customer Satisfaction
- ♦ Regional Leadership
- ♦ Skilled, Adaptable and Diverse Workforce
- ♦ Essential Infrastructure
- ♦ Accountability/Transparency
- ♦ Continuous Improvement
- ♦ Information Technology

Within the structure of the two-year operational planning process, the County plans for and attains interim progress toward achievement of the Strategic Initiatives. Some of the significant steps of the last year were:

### Kids

- ♦ The Department of Environmental Health educated 5,707 students regarding awareness and protection from mosquito-borne diseases and other vector related diseases. The department also conducted five outreach sessions for 1,250 students regarding hazardous materials and careers in environmental health.
- ♦ The Department of Child Support Services informed and educated the community about child support services through proactive media relations and community outreach by attending 83% of the local State Department of Corrections and Rehabilitation's Parole and Community Team meetings. The department also collaborated with the Superior Court to develop and implement the ability to conduct court hearings at the annual Veteran's Village Stand Down event to provide services to unemployed and homeless veterans who have child support obligations.
- ♦ The Probation Department increased public safety and reduced crime by ensuring that youth who left custodial settings were prepared for success in the community through successful participation in rehabilitative opportunities: ensured that 78% of youth who needed employment readiness services received them, exceeding the goal of 60%; ensured that 85% of youth who needed literacy programs received them, exceeding the goal of 60%; and ensured that 77% of youth who needed substance abuse services received them, exceeding the goal of 60%.
- ♦ The Parks and Recreation Department promoted recreational and environmental awareness for 10,000 youth by conducting educational programs at 20 park facilities with an emphasis on water quality, watershed awareness and natural resources and provided 36 outdoor adventure and education activities.
- ♦ The Air Pollution Control District reduced school children's exposure to cancer-causing and smog-forming pollutants. APCD applied for obtained over \$1.6 million in State and

federal funding for the Lower-Emission School Bus programs and provided grants to 23 school districts to enable the retrofit of school buses with diesel particulate matter filters or to purchase new school buses.

## The Environment

- ◆ The Department of Parks and Recreation expanded and protected park resources by adding 793 acres of parkland throughout the County in Fiscal 2009-10.
- ◆ The Department of Parks and Recreation continued to lead in the area of sustainability by retrofitting eight County park facilities with lighting designed to cut energy use by up to 35% and by improving existing irrigation systems, intended to cut water use by 5% at 14 parks.
- ◆ The Department of Parks and Recreation mitigated fire fuel hazards and maintained fire safe zones in 24 park facilities through continued implementation of vegetation management practices in Forest Area Safety Task force areas.
- ◆ The Department of Public Works protected and preserved the County's water quality and watersheds: removed 28,802 cubic yards of debris from culverts, drainage channels and roads through a systematic cleaning program to protect waterways; swept 17,242 lane-miles of roadway to clean debris; and provided water quality and watershed protection outreach to 5,438 students at various schools in the unincorporated area.
- ◆ The Public Works Department maintained at least 50% solid waste diversion from landfills. The department worked with 33 private developments, with permits or permits pending, that have 40,000 square feet or more of building space to recycle construction and demolition materials; recycled 106,689 gallons of used oil and 22,387 used oil filters; and held 5 tire collection events that netted 5,057 tires.
- ◆ The Department of Agriculture, Weights and Measures protected the County's \$1.5 billion agricultural industry from damaging exotic insects, diseases and noxious non-native weeds: inspected 100% (1,955) of reported incoming high-risk commercial plant shipments; implemented the newly established detector dog surveillance team for parcel inspections at private parcel facilities; and enhanced the treatment of noxious non-native weeds by increasing the treatment.

## Safe and Livable Communities

- ◆ The District Attorney expanded the Preventing Rape by Intoxication campaign in partnership with the community, sexual assault survivors, Children's Hospital, law enforcement and local middle schools, high schools and universities. The Department also created a crime prevention video to help college age youth avoid becoming victims of sexual assault by intoxication.
- ◆ The Office of Emergency Services initiated a door-to-door Wildfire Awareness Campaign to approximately 300,000 households that focused on the communities in wildland urban interface areas. An additional 100,000 pamphlets will be delivered to households by November 2010.

- ◆ The Office of Emergency Services managed and administered the Homeland Security Grant program by distributing funds throughout the San Diego region to 18 cities, 58 special districts, County Departments and other agencies to improve preparedness, response and recovery from terrorist and catastrophic events.
- ◆ The Probation Department increased public safety and reduced crime by ensuring that the highest risk adults under intensive supervision are held accountable for their actions and are provided with rehabilitative opportunities in order to reduce further offenses.
- ◆ The Probation Department maintained a high profile in the community by participating in 242 adult and juvenile multi-agency gang operations, truancy sweeps, probation and parole sweeps and sobriety checkpoints. The department also conducted 8,984 searches of adult and juvenile probationers to ensure they were not in possession of illegal contraband such as weapons, drugs, child pornography and gang related paraphernalia.
- ◆ The Sheriff's Department improved the crime solving/closure rate by 4.1% by implementing a "Tracking Known Offenders" process that used information from the Sheriff's Records Management System, Jail Information Management System, Probation Department and State Parole to more effectively solve crimes by correlating the whereabouts of known offenders to crimes and crime locations.
- ◆ The Health and Human Services Agency led efforts to anticipate and proactively manage the threat to the public's health from the Pandemic 2009 H1N1 Influenza. As of June 30, 2010, 1,276,030 vaccines were distributed, of which 961,513 vaccines were directly distributed to healthcare providers to serve their patients and the remaining 314,517 vaccines were distributed by the County.
- ◆ The Health and Human Services Agency identified options for In-Home Supportive Services (IHSS) to contain costs and focus service on needy seniors and persons with disabilities. In November 2009, the Board of Supervisors approved a number of reforms for IHSS including implementation of a new Fraud Investigation and Program Integrity initiative in conjunction with the District Attorney and initiation of IHSS individual provider enrollment. In February 2010, the State approved the County's new \$1.4 million Program Integrity initiative. Through June 2010, 56% (11,984 of 21,400) of the current providers have complied with provider enrollment activities. The remaining current and new providers have until December 31, 2010 to complete the process. Provider enrollment activities include a requirement for a California criminal background check, viewing of orientation materials, and an in-person sign-up to show formal documentation of identity.
- ◆ The Health and Human Services Agency fully implemented multi-year "social services safety net" project to streamline the business processes of three major federal and State mandated public assistance programs that provide access to health care, nutrition and temporary financial assistance (Medi-Cal, Food Stamps and CalWORKs). This major continuous improvement

project will improve customer service, maintain program integrity and increase efficiency of services provided to more than 337,000 people by over 1,000 staff. The Agency:

- ♦ Converted over 200,000 paper cases to electronic files to support transition to virtual (paperless) caseload to gain efficiency and enhance customer service.
- ♦ Redesigned the staffing model and implemented trainings to support transition to a team-oriented, task-based service approach in Agency Family Resource Centers to accommodate higher volume of applications and participation in self-sufficiency programs.
- ♦ Introduced same-day application processing to improve timely delivery of services to customers in Agency Family Resource Centers.
- ♦ The Department of Public Works completed the first American Recovery and Reinvestment Act of 2009 (ARRA) federally funded construction project in San Diego County, the \$1.8 million Gillespie Field Taxiway reconstruction project. The department also completed the McClellan-Palomar Airport Terminal Redevelopment improvements. Both of these projects were completed under budget and ahead of schedule.
- ♦ The Department of Planning and Land Use continued to collaborate with fire service entities to improve fire protection and emergency response by providing ongoing funding for existing contracts and much needed resources to rural communities - new fire engines and water tenders, and protective suits for the County's volunteer firefighters. Specifically, a new fire engine and water tender were purchased for Warner Springs Volunteer Fire Station, a water tender was purchased for the Jacumba Volunteer Fire Station and a new fire engine was purchased for the Campo Volunteer Fire Agency. Additionally, 100 new protective suits were purchased to protect the County's volunteer firefighters.

programs received awards for operational and service delivery achievements, technological innovations, and prudent fiscal management.

- ♦ San Diego County continues to be one of the leading recipients of National Association of Counties (NACo) Achievement Awards. Twenty-nine County programs were recognized for excellence in 2010. The award-winning programs operate within all five County business groups and include programs that serve children, youth and seniors, as well as those that promote environmental protection, public safety and efficient, effective county administration. The programs receiving awards included:
  - ♦ San Diego Stand Down 2009, Department of Child Support Services - a pilot project created in conjunction with the San Diego County Superior Court and Thomas Jefferson School of Law Veteran's Clinic to give homeless veterans access to court services in relation to their child support cases.
  - ♦ Self Service Kiosks, Department of Child Support Services - a program that places kiosks in convenient places for walk-in customers to make child support payments, complete forms, and access information related to their child support cases.
  - ♦ Service Learning @ Your Library - a program that engages teens in providing direct service within their own communities, helping them to develop interests and work skills while establishing meaningful relationships with adult mentors.
  - ♦ Disaster Food Stamp Program Protocol Guide - a program developed by the Health and Human Services Agency to assist local residents displaced by disasters. Based on experience gained through wildfire response, this program is now being replicated in other California counties and the US Department of Agriculture Food & Nutrition Service.
  - ♦ Code Enforcement Storefronts - a program created to place County personnel in remote areas to address local disputes that arise among neighbors over boundary lines, litter, land uses and other issues that strike citizens on a personal level.
  - ♦ District Attorney/City Attorney Prosecution System Collaboration Project - a project designed to share usage of the County District Attorney's internally developed criminal case management system with the San Diego City Attorney's Office, resulting in savings for the City and the beneficial sharing of case and defendant data between the two agencies.
  - ♦ Free Foreclosure Prevention HOME Clinics at Neighborhood Library Branches - a collaboration between the County Library system and Housing Opportunities Collaborative (HOC), Home Owner Mobile Education (HOME) clinics offer homeowners advice on legal, credit, and mortgage issues from skilled professionals.
  - ♦ High Tech Mental Health Solutions - a walk-in assessment center designed in collaboration with Exodus Recovery, Inc., serving the north San Diego County region. The program

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## OTHER AWARDS AND RECOGNITIONS

Even with the financial and environmental challenges of Fiscal Year 2010, the County was recognized for many activities that highlight progress in the Strategic Plan Initiatives. County

provides screening and triage for appropriateness of hospitalization to reduce escalation of crisis mental health situations and minimizes unnecessary inpatient treatment.

- ♦ Government Without Walls - a County initiative that promotes a mobile workforce through the use of technology. The Department of Agriculture, Weights, and Measures (AWM) implemented a wireless fleet management program that combines Automatic Vehicle location (AVL) and Global Positioning System (GPS) technologies.
- ♦ Service First Initiative - a plan consisting of 67 separate tasks designed to improve every aspect of the Department of Planning & Land Use's (DPLU) customer service, from walk-in counter service to management structure.
- ♦ For the eighth consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada recognized the County with the Distinguished Budget Presentation Award for the Adopted Operational Plan: Fiscal Years 2009-10 & 2010-11.
- ♦ In 2010, the San Diego Taxpayers Association presented the County of San Diego a Regional Golden Watchdog Award for the recently completed Medical Examiner and Forensic Center. The Taxpayers Association recognized the County for saving \$140 million in potential financing costs by cash financing the project, completing the project on schedule and under budget, and using the most current technology available in creating the energy-efficient complex, which has an 80-year life cycle. The new complex also received a Citation Award for architectural design from the American Institute of Architects (AIA) San Diego Chapter, a Certificate of Special Recognition from the United States Congress, and an Outstanding Achievement Award from the California State Legislature.
- ♦ The California State Association of Counties (CSAC) recognized the Health & Human Services Agency (HHSA) for its Neighborhoods for Kids - East County program. The program was selected from hundreds of nominations to receive the 2009 California Counties Innovation Award, the organization's top honor. CSAC honored another HHSA program with a CSAC Merit Award: the Life Skills for Foster Youth program, which engages the San Diego Workforce Partnership to help teen-aged foster youth gain life skills. CSAC also selected the Housing and Community Development's (HCD's) Housing Inspection Reengineering Project for the CSAC Merit Award. The award-winning program allowed that department to maintain housing inspection levels and improve customer service, while reducing costs.
- ♦ The California Child Support Director's Association recognized San Diego County Department of Child Support Services (DCSS) with two top honors in the same year - an accomplishment no other County has achieved. DCSS was recognized as the Federal Fiscal Year 2009 Top Performing County in the "Very Large County" category. In addition, DCSS was also recognized as the Most Improved in Overall Performance for a "Very Large County."
- ♦ In February 2010, the County received the 2009 Sustainability Showcase Award in the "Local Government, Large" category from the California Sustainability Alliance. The County's Energy Management Program, Green Business Program, Green Building Program, Stormwater Management Program and Climate Change Team were highlighted in the award entry.
- ♦ The San Diego County Fire Authority was recently honored by the Fire Safe Council of San Diego County with the 2009 Outstanding Partnership Award. The County Board of Supervisors created the County Fire Authority to improve regional fire protection and emergency medical service.
- ♦ The Department of Parks and Recreation (DPR) has received a Preservation Design Award from the California Preservation Foundation. The award was given for the restoration work DPR performed in partnership with IS Architecture and the Vista Irrigation District (VID) on the Warner-Carrillo Ranch House and Barn, which are located in Warner Springs.
- ♦ The San Diego American Society of Civil Engineers (ASCE) Awards Committee selected the County's Ruxton Avenue Channel Conversion to receive the Water Quality, Flood & Drainage Award of Excellence and the McClellan Palomar Terminal Redevelopment to receive the Outstanding Airport and Port Facility Project as part of its Civil Engineering Project Awards program.
- ♦ The County won Emmy Awards in six categories from the National Television Arts & Sciences Pacific Southwest Chapter. The awards recognized the "Oxy Abuse Kills" public service announcement series; "Water Babies", story about the benefits of water safety training for toddlers, and "Tsunamis: Know What To Do!", an animated educational video designed for children.
- ♦ For the third year in a row, the County received the 2009 Award of Excellence from the California Counties Facilities Services Association (CCFSA). CCFSA's award program recognizes organizations that continue to advance the development of programs and processes that extend the life of public facilities.
- ♦ The American Public Works Association (APWA) has selected the Lakeside Baseball Park as the 2009 Project of the Year. The new park features four tournament play fields with artificial turf, concession building with restrooms, maintenance building, volunteer staging area, stadium seating, tot lot play area, an equestrian trail and parking lot.
- ♦ In May 2010, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) presented the Sheriff's Regional Crime Laboratory with its "100 IBIS Hits" Award. The Integrated Ballistics Identification System (IBIS) is a forensic tool used to enter images of bullets and casings that have been collected at crime scenes into a ballistics database.
- ♦ The County Office of Emergency Services' Geographic Information System (GIS) Unit was recently honored as the recipient of the Environmental Systems Research Institute (ESRI)'s Special Achievement in GIS Award for 2009 for its work on the Golden Guardian 2008 exercise, a statewide exercise

that took place in November 2008 and was based on a 7.8 magnitude earthquake along the southern portion of the San Andreas Fault.

- ◆ Tsunamis: Know What to Do, an animated video produced by the County Office of Emergency Services, was recognized with a Bronze Telly Award in three different categories: Use of Animation, Safety and Government Relations. The video also received the International Association of Emergency Managers (IAEM) Public Awareness Award.
- ◆ The County's Internet website was recognized as the "Best Local Government Website" in the state by the Center for Digital Government in their 2009 Best of California Awards program.

- ◆ The International Public Management Association for Human Resources has awarded the County Department of Human Resources (DHR) its 2009 Large Agency Award of Excellence. The Association established the award to recognize the overall quality and accomplishments of an agency's human resources program that exceeds the normal operation of a "good government human resource program."
- ◆ The County's In-Home Supportive Services (IHSS) Public Authority was given the 2009 Medallion Award for workplace innovation and employee-friendly practices. The award program is sponsored by the Society for Human Resource Management and the San Diego Union Tribune.

## ACKNOWLEDGMENTS

We would like to express our appreciation to the accounting staff of County departments and the staff of the Auditor and Controller's department whose coordination, dedication and professionalism are responsible for the preparation of this report. We would also like to thank Macias Gini & O'Connell LLP for their professional support in the preparation of the CAFR. Lastly, we

thank the members of the Board of Supervisors, the Chief Administrative Officer, Group/Agency General Managers and their staff for using sound business practices while conducting the financial operations of the County.

Respectfully,



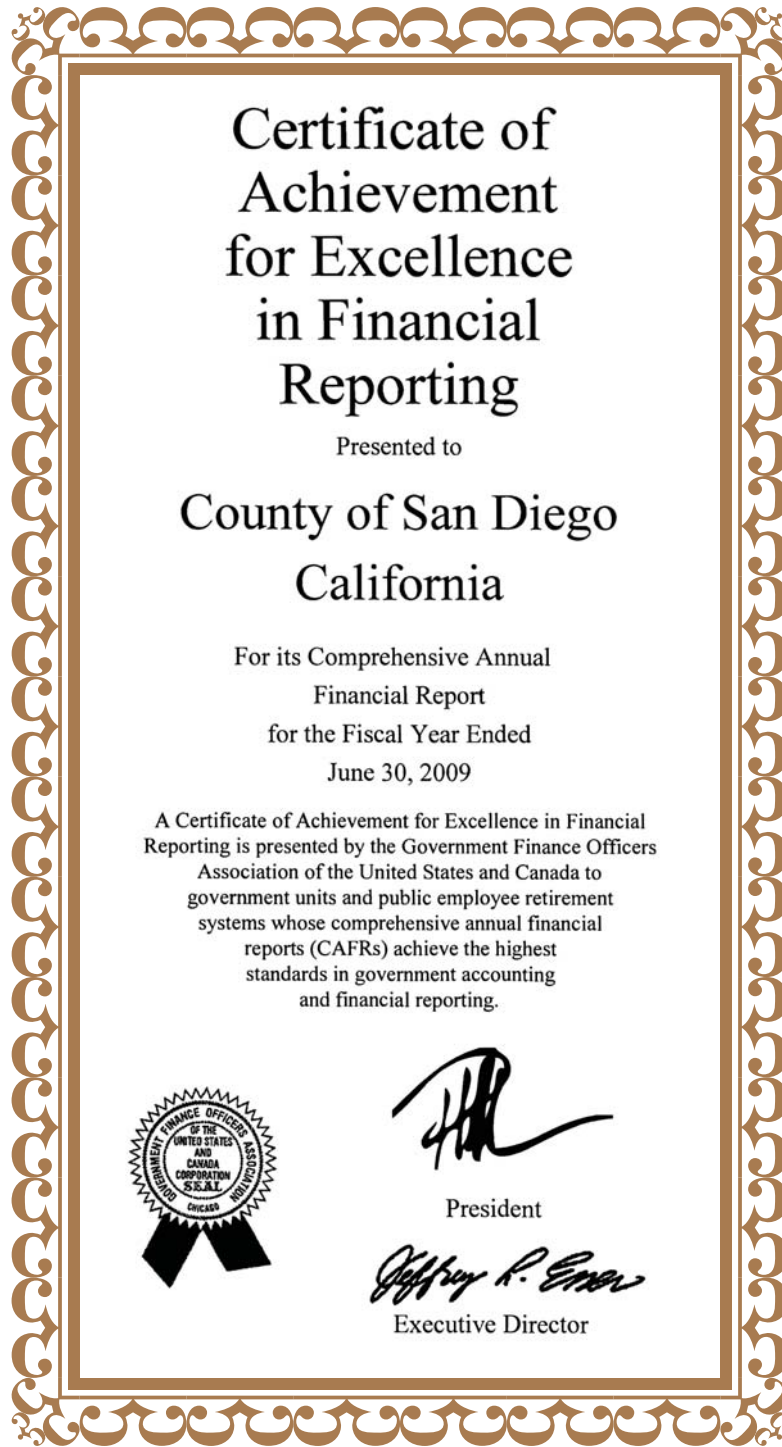
DONALD F. STEUER  
Chief Financial Officer




TRACY M. SANDOVAL  
Auditor and Controller









Greg Cox  
District 1



Dianne Jacob  
District 2



Pam Slater-Price  
District 3  
Chairwoman

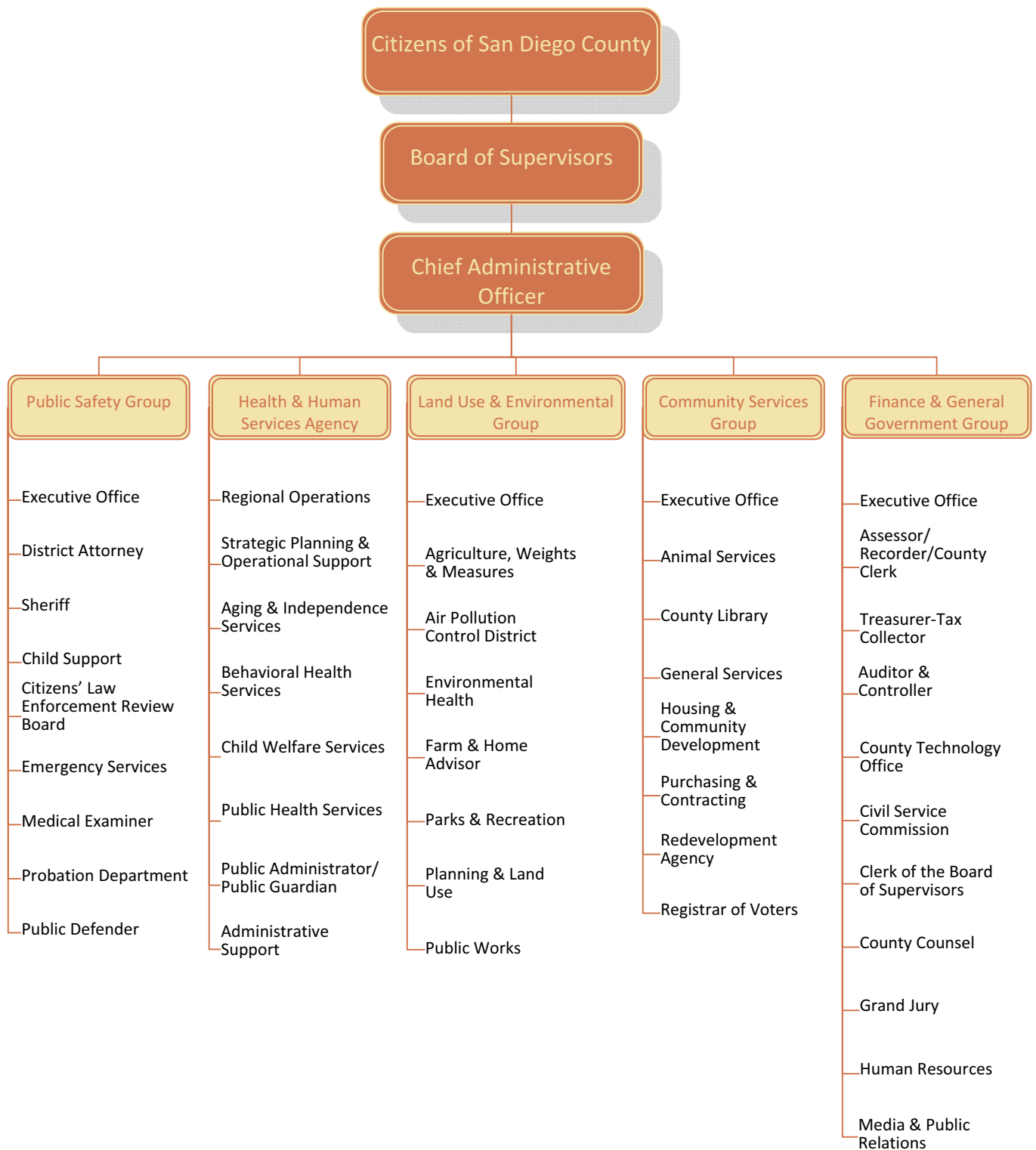


Ron Roberts  
District 4



Bill Horn  
District 5  
Vice-Chairman





## Chief Administrative Office

Chief Administrative Officer .....	Walt Ekard
Assistant Chief Administrative Officer .....	Helen N. Robbins-Meyer

## Elected Officials

Assessor/Recorder/County Clerk.....	David Butler
District Attorney .....	Bonnie Dumanis
Treasurer/Tax Collector.....	Dan McAllister
Sheriff .....	Bill Gore

## General Managers

DCAO/General Manager Community Services Group.....	Mikel D. Haas
Chief Financial Officer/General Manager Finance & General Government Group .....	Don Steuer
Agency Director Health & Human Services Agency .....	Nick Macchione
DCAO/General Manager Land Use & Environment Group.....	Chandra Wallar
DCAO/General Manager Public Safety Group .....	Ray Fernandez

## Department Heads

Agriculture, Weights & Measures.....	Robert Atkins
Air Pollution Control District .....	Bob Kard
Animal Services.....	Dawn Danielson
Auditor & Controller/ACFO .....	Tracy Sandoval
Chief of Staff - CAO .....	Janice Graham
Child Support Services .....	Jeff Grissom
Civil Service Commission .....	Patt Zmary
Clerk of the Board .....	Thomas J. Pastuszka
County Communications Office .....	Michael Workman
County Counsel.....	John J. Sansone
County Technology Office.....	W. Harold Tuck, Jr.
Emergency Services.....	Ron Lane
Environmental Health.....	Jack Miller
Farm & Home Advisor .....	Carl Bell*
General Services .....	April Heinze
AIS & HHSA-East Region.....	Pamela B. Smith
HHSA-Central & South Regions .....	Rene Santiago
HHSA-North Regions .....	Donna Hand
Public Health Officer .....	Wilma Wooten, M.D.
Child Welfare Services .....	Debra Zanders-Willis
Behavioral Health Division .....	Jennifer Schaffer
Housing & Community Development.....	David Estrella
Human Resources .....	Carlos Arauz
Internal Affairs .....	Joe Cordero
Library .....	Jose Aponte
Medical Examiner.....	Glenn Wagner
Parks & Recreation .....	Brian Albright
Planning & Land Use .....	Eric Gibson
Probation.....	Mack Jenkins
Public Defender.....	Henry C. Coker
Public Works .....	John L. Snyder
Purchasing & Contracting.....	Winston F. McColl
Registrar of Voters .....	Deborah Seiler
Strategy & Intergovernmental Affairs.....	Sarah Aghassi

\*Acting



# Financial Section

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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
County of San Diego, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Diego, California (County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the First 5 Commission of San Diego (Commission), the discretely presented component unit, as of and for the year ended June 30, 2010. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 17 through 30 and 80 through 85, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund information and other supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund information and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Macias Fini & O'Connell LLP*

Certified Public Accountants

San Diego, California  
November 22, 2010

This section of the County of San Diego's (County) Comprehensive Annual Financial Report provides a narrative overview and analysis of the basic financial activities of the County as of and for the year ended June 30, 2010.

The intent of the information presented here, in conjunction with the Letter of Transmittal is to provide the reader with a clearer picture of the County's overall financial status. Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.

## Financial Highlights

- ◆ The assets of the County exceeded liabilities at the close of the fiscal year 2010 by \$3.63 billion (net assets). Of this amount, \$2.76 billion is invested in capital assets, net of related debt; \$248 million is restricted for specific purposes (restricted net assets); and the remaining portion represents unrestricted net assets of \$622 million.
- ◆ Total net assets increased by \$176 million. For governmental activities, revenues exceeded expenses by \$161 million. For business-type activities, revenues exceeded expenses by \$15 million.
- ◆ General revenues for governmental activities were \$1.055 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for \$902 million or 86%; other taxes, sales and uses taxes, investment income and other general revenues accounted for \$153 million or 14%.
- ◆ Program revenues for governmental activities were \$2.67 billion. Of this amount, \$2.19 billion or 82% was attributable to operating grants and contributions while charges for services accounted for \$445 million or 17%.
- ◆ The total expenses for governmental activities were \$3.57 billion. Public assistance accounted for \$1.17 billion or 33%, while public protection accounted for \$1.09 billion or 31% of this amount. Additionally, health and sanitation accounted for \$681 million or 19%.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) *Government-wide* financial statements 2) *Fund* financial statements, and 3) *Notes* to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

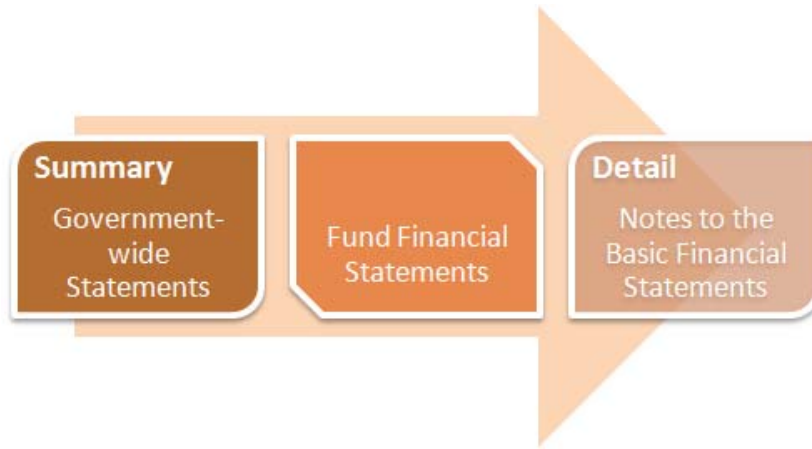
*The Government-wide financial statements* are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the aforementioned government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural. The business-type activities of the County include airport operations, sanitation districts and wastewater management.

The illustration below depicts the required components of the basic financial statements.



*Fund financial statements* are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Public Safety Special Revenue Fund and the Tobacco Endowment Special Revenue Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining financial statements/schedules and supplementary information section in this report.

*Proprietary funds* are generally used to account for services for which the County charges customers - either outside customers, or internal departments of the County. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County maintains the following types of proprietary funds:

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for airport operations, sanitation services and wastewater management. These nonmajor enterprise funds are combined and aggregated. Individual fund data for each nonmajor enterprise fund is provided in the combining financial statements and supplementary information section in this report.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for the financing of public works and communications equipment; the financing of materials and supplies (purchasing); for start up services for new and existing county service districts; for the County's public liability and employee benefits activities; the financing of fleet services; for facilities management activities; for the financing of information technology services; and for the financing of clothing and personal sundry items for persons institutionalized at various County facilities. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The County's *internal service funds* are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining financial statements/schedules and supplementary information section in this report.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because

the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*Notes to the basic financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Required supplementary information (RSI)* is also presented. It provides budgetary comparisons for the General Fund, Public Safety Special Revenue Fund and the Tobacco Endowment Special

Revenue Fund (all major funds) in separate Schedules of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual.

*Combining financial statements/schedules and supplementary information* section of this report presents combining and individual fund statements and schedules referred to earlier that provide information for nonmajor governmental funds, enterprise funds, internal service funds and fiduciary funds and are presented immediately following the required supplementary information section of this report.

## Government-wide Financial Analysis

Table 1

Net Assets						
June 30, 2010 and 2009 (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009 (1)	2010	2009	2010	2009
<b>ASSETS</b>						
Current and other assets	\$ 2,989,720	2,936,339	95,076	91,415	3,084,796	3,027,754
Capital assets	2,968,953	2,933,805	166,654	150,184	3,135,607	3,083,989
<b>Total assets</b>	<b>5,958,673</b>	<b>5,870,144</b>	<b>261,730</b>	<b>241,599</b>	<b>6,220,403</b>	<b>6,111,743</b>
<b>LIABILITIES</b>						
Long-term liabilities	2,115,347	2,275,911	2,269	2,486	2,117,616	2,278,397
Other liabilities	465,533	377,603	7,362	2,058	472,895	379,661
<b>Total liabilities</b>	<b>2,580,880</b>	<b>2,653,514</b>	<b>9,631</b>	<b>4,544</b>	<b>2,590,511</b>	<b>2,658,058</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	2,595,105	2,582,854	164,845	148,146	2,759,950	2,731,000
Restricted	247,585	239,487			247,585	239,487
Unrestricted	535,103	394,289	87,254	88,909	622,357	483,198
<b>Total net assets</b>	<b>\$ 3,377,793</b>	<b>3,216,630</b>	<b>252,099</b>	<b>237,055</b>	<b>3,629,892</b>	<b>3,453,685</b>

(1) Note: 2009 Adjustments for Comparative Purposes

Certain fiscal year 2009 balances were adjusted to conform to the proper current year presentation as a result of the change in treatment of the net assets' restriction for realignment health, mental health and social services to unrestricted. As a result, adjustments were made to **Table 1**, 2009 as follows: Unrestricted net assets were increased by \$74.620 million coupled with a \$74.620 million decrease in Restricted net assets.

### Analysis of Net Assets

*Net assets* may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$3.63 billion at the close of fiscal year 2010, an increase of \$176 million or 5% over fiscal year 2009. This included an increase of \$147 million in the County's restricted and unrestricted net assets (a 20% increase over fiscal year 2009) and an increase of \$29 million in capital assets, net of related debt (a 1% increase over fiscal year 2009).

The aforementioned increase of \$176 million in net assets was composed of the following changes in total assets and liabilities:

- Total assets increased by \$109 million. This included an increase of \$57 million in current and other assets and a \$52 million increase in capital assets. The \$57 million increase in current and other assets was primarily attributable to an increase in cash and investments (including restricted and unrestricted cash and investments with fiscal agents) of \$115 million, a decrease of \$25 million in receivables, net (excluding property taxes), a \$26 million decrease in property taxes receivables, net, and a \$7 million decrease in other assets. The increase in cash is principally due to the \$25 million and \$26 million decreases in receivables, net and property tax receivables, net respectively, coupled with a \$47 million increase in unearned revenue (explained below), all of which have the effect of increasing cash; and also includes a \$21 million increase in California Proposition B monies provided to the County for road-purpose projects. The \$25 million decrease in receivables, net is principally due to a decrease of \$32 million in amounts due from other governments offset by a \$7 million increase in loans and other receivables. The \$26 million decrease in property taxes receivables, net was principally attributable to the reduction of the County's Teeter buy out of delinquent property taxes receivables as a result of a decrease in foreclosures during fiscal year 2010; as banks took possession of foreclosed properties, taxes that would otherwise have been delinquent, were paid on time. The increase in capital assets was due in part to approximately \$21 million of infrastructure donated by developers.

# Management's Discussion and Analysis

- ◆ Total liabilities decreased by \$68 million. This included an increase in other liabilities of \$93 million and a decrease in long-term liabilities of \$161 million. The increase in other liabilities of \$93 million was primarily due to a \$47 million increase in unearned revenue due to the result of delays in securing contracts related to the Mental Health Services Act, coupled with a \$42 million increase in accounts payable (\$35 million vendors, \$7 million due to other government agencies), and a \$4 million increase in accrued payroll. The decrease of \$161 million in long-term liabilities was mainly due to a \$169 million decrease in long-term debt (see Long-Term Liabilities discussion), coupled with a net \$8 million increase in other long-term liabilities (including a \$9 million increase in claims and judgments offset by a \$1 decrease in compensated absences).

The largest portion of the County's net assets (76%) reflects its investment of \$2.76 billion in capital assets, net of related debt (which includes: land, infrastructure, buildings, and equipment; less any related outstanding debt used to acquire those assets). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the County's net assets, i.e. restricted net assets equaled \$248 million and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws and/or regulations of other governments. The remaining portion of the County's net assets includes \$622 million in unrestricted net assets.

**Table 2**

Changes in Net Assets						
For the years ended June 30, 2010 and 2009 (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009 (1)	2010	2009	2010	2009
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 445,369	444,638	35,738	36,078	481,107	480,716
Operating grants and contributions	2,192,591	2,181,366	15,330	12,974	2,207,921	2,194,340
Capital grants and contributions	33,246	60,703			33,246	60,703
General revenues						
Property taxes	593,553	618,048			593,553	618,048
Other taxes	15,991	15,167			15,991	15,167
Property taxes in lieu of vehicle license fees	308,842	316,925			308,842	316,925
Sales and use taxes	20,576	22,435			20,576	22,435
Investment income	30,941	57,859	1,046	2,237	31,987	60,096
Other	85,693	117,407	18	68	85,711	117,475
<b>Total revenues</b>	<b>3,726,802</b>	<b>3,834,548</b>	<b>52,132</b>	<b>51,357</b>	<b>3,778,934</b>	<b>3,885,905</b>
<b>Expenses:</b>						
Governmental Activities:						
General government	304,305	275,508			304,305	275,508
Public protection	1,091,910	1,158,162			1,091,910	1,158,162
Public ways and facilities	131,982	151,125			131,982	151,125
Health and sanitation	681,448	678,217			681,448	678,217
Public assistance	1,171,603	1,177,320			1,171,603	1,177,320
Education	39,165	42,424			39,165	42,424
Recreation and cultural	33,629	34,542			33,629	34,542
Interest expense	111,942	118,927			111,942	118,927
Business-type Activities:						
Airport			12,389	10,614	12,389	10,614
Sanitation districts			18,831	16,666	18,831	16,666
Wastewater management			5,523	5,794	5,523	5,794
<b>Total expenses</b>	<b>3,565,984</b>	<b>3,636,225</b>	<b>36,743</b>	<b>33,074</b>	<b>3,602,727</b>	<b>3,669,299</b>
<b>Changes in net assets before transfers</b>	<b>160,818</b>	<b>198,323</b>	<b>15,389</b>	<b>18,283</b>	<b>176,207</b>	<b>216,606</b>
Transfers	345	151	(345)	(151)		
<b>Change in net assets</b>	<b>161,163</b>	<b>198,474</b>	<b>15,044</b>	<b>18,132</b>	<b>176,207</b>	<b>216,606</b>
Net assets at beginning of year	3,216,630	3,018,156	237,055	218,923	3,453,685	3,237,079
<b>Net assets at end of year</b>	<b>\$ 3,377,793</b>	<b>3,216,630</b>	<b>252,099</b>	<b>237,055</b>	<b>3,629,892</b>	<b>3,453,685</b>

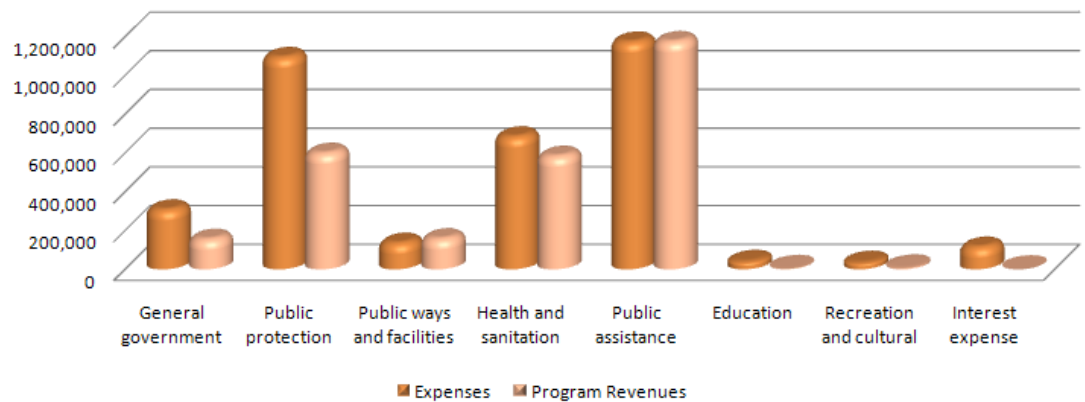
(1) Note: 2009 Adjustments for Comparative Purposes

Certain fiscal year 2009 balances were adjusted to conform to the proper current year presentation as a result of the reclassification of marriage license revenue. As a result, adjustments were made to **Table 2**, 2009 as follows: Charges for services were increased by \$1.522 million coupled with a \$1.522 million decrease to Other revenue.

## Analysis of Changes in Net Assets

At June 30, 2010, changes in net assets before transfers (revenues minus expenses) equaled \$176 million, a \$40 million or 19% decrease from the previous year. Principal revenue sources contributing to the change in net assets were operating grants and contributions of \$2.21 billion and taxes of \$902 million (including: property taxes and property taxes in lieu of vehicle license fees.) These revenue categories accounted for 82% of total revenues. Principal expenses were in the following areas: public assistance, \$1.17 billion; public protection, \$1.09 billion; and health and sanitation, \$681 million. These expense categories accounted for 82% of total expenses.

Chart I  
Expenses and Program Revenues -  
Governmental Activities  
(In Thousands)



### Governmental activities

At the end of fiscal year 2010, total revenues for the governmental activities were \$3.73 billion, while total expenses for were \$3.57 billion. Governmental activities increased the County's net assets by \$161 million, accounting for 91% of the total increase in net assets (Business-type activities accounted for the remaining 9%, \$15 million).

### Expenses:

Total expenses for governmental activities were \$3.57 billion, a decrease of \$70 million or 2% (\$63 million decrease in functional expenses and \$7 million decrease in interest expense (due to the full redemption of \$100 million Series 2008B Variable Rate Demand Obligations)) from the prior year. Public assistance was the largest functional expense (33%), followed by public protection (31%) and health and sanitation (19%).

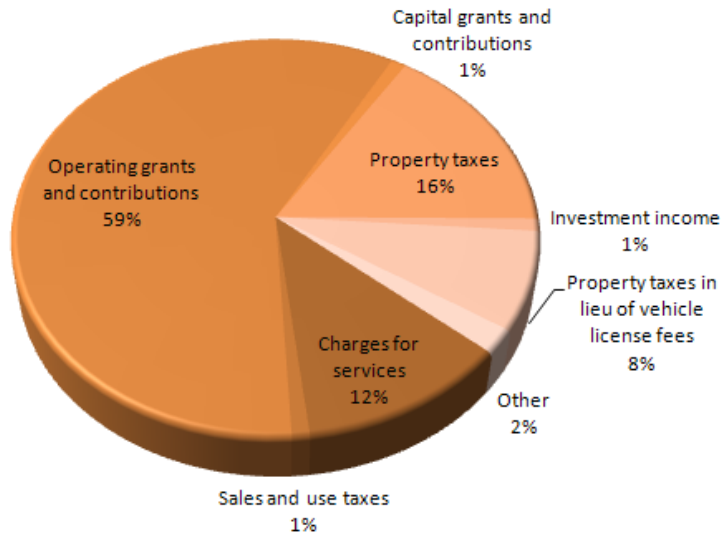
As noted below, the \$63 million decrease in functional expenses was made up of a \$79 million increase and \$142 million in decreases:

The \$79 million increase in functional expenses was mainly due to the loss on disposal of assets, principally due to the transfer of various court facilities from the County to the State in fiscal year 2010. Senate Bill 1732, Court Facilities Legislation, the Trial Court Facility Act, and Assembly Bill 1491, Court Facilities Transfer Deadline Extension, provided for the transfer of the responsibility and in some instances, the title deed, from the County to the State to provide necessary and suitable court facilities. This transfer resulted in the removal of these buildings from the County's books. County financial responsibility for facility maintenance costs for courts' space will continue as a statutorily required County facility payment.

The \$142 million decrease in functional expenses consisted of:

- ◆ \$100 million in salaries and benefit costs. As a service delivery entity, the County's major cost component is salaries and benefits, which accounts for approximately 38% of the total expenses. The County's overall strategy of deleting and freezing positions minimized the impact of salary increases and benefit costs;
- ◆ \$17 million in contracted road services;
- ◆ \$17 million payment made in fiscal year 2008-09 to terminate two interest rate swap agreements relating to the advance refunding of the County of San Diego 2002 Series B Taxable Pension Obligation Bonds;
- ◆ \$5 million in depreciation; and,
- ◆ \$3 million utilities expenses.

**Chart 2**  
**Revenues by Sources - Governmental Activities**  
**(As a Percent)**



## Revenues:

Total revenues for governmental activities were \$3.73 billion, a decrease of 2.8% or \$108 million from the previous year. This decrease consisted of decreases in program revenue of \$16 million coupled with a \$92 million decrease in general revenues as follows:

The \$16 million decrease in program revenue was chiefly due to increases of \$45 million and decreases of \$61 million noted below:

Increases in program revenues of \$45 million were composed of the following:

- ◆ \$16 million in operating grants and contributions resulting from federal housing and urban development section 8 choice vouchers revenue;
- ◆ \$13 million in operating grants and contributions resulting from an increase in federal case counts for the CalWORKs program;
- ◆ \$8 million in operating grants and contributions for homeland security grant revenue; and
- ◆ \$8 million in operating grants and contributions due to centralized child welfare services revenue.

Decreases in program revenue of \$61 million were attributable to:

- ◆ \$27 million in capital grants and contributions consisting of \$20 million in donated assets coupled with \$7 million in other capital contributions;
- ◆ \$14 million in operating grants and contributions resulting from tax increment revenue from non-County redevelopment agencies due in part to lower assessed property values;

- ◆ \$13 million in operating grants and contributions for state aid realignment tied to sales tax and vehicle license fees which have been declining statewide;
- ◆ \$5 million in operating grants and contributions for state aid child care aid payments;
- ◆ \$1 million in operating grants and contributions resulting from federal aid for rain damage; and
- ◆ \$1 million in operating grants and contributions due to aid from various other governmental agencies.

General revenues decreased overall by approximately \$92 million. This decrease was due to the following:

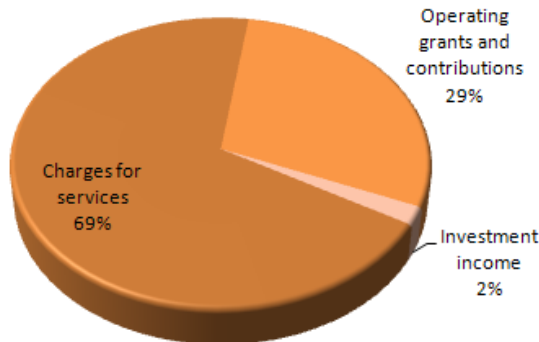
- ◆ \$27 million decrease in investment income due to the 45% decrease in annualized interest rates earned by the County Treasury Pool;
- ◆ \$22 million in property taxes consisting of \$16 million property tax current secured and \$6 million property tax prior secured supplemental as a result of lower assessed property values;
- ◆ \$21 million other revenue due to a 2009 settlement agreement reached with a vendor;
- ◆ \$8 million other revenue due to the February 2008 Special Presidential Primary;
- ◆ \$8 million property taxes in lieu of vehicle license fees;
- ◆ \$2 million Teeter property taxes;
- ◆ \$2 million sales and use taxes; and
- ◆ \$2 million in various other general revenues.

The County's governmental activities rely on several sources of revenue to finance ongoing operations. As shown in **Chart 2**, operating grants and contributions of \$2.19 billion accounted for 59%, the largest share of this revenue. These monies are received from parties outside the County and are generally restricted to one or more specific programs. Examples of operating grants and contributions include State and Federal revenue for public assistance programs and health and sanitation programs.

Property taxes and property taxes in lieu of vehicle license fees are not shown by program, but are effectively used to support program activities county-wide. Combined, these general revenues equaled \$902 million and accounted for 24% of governmental activities. Additionally, charges for services were approximately \$445 million and accounted for 12% of revenues applicable to governmental activities.

Other factors concerning the finances of the County's major governmental funds are discussed in the governmental funds section of the "Financial Analysis of the County's Funds."

**Chart 3**  
**Revenue By Source -Business-type Activities**  
**(As a Percent)**



#### Business-type Activities:

Business-type activities, which are exclusively comprised of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. As shown in Chart 3, charges for services represent \$36 million or 69% while grants (\$15 million) and investment income (\$1 million) represent 29% and 2% of total revenues respectively.

Net assets of business-type activities increased by \$15 million or 6%. This increase primarily included the following:

- ♦ a \$17 million increase in capital assets principally due to airport and sewer improvements;
- ♦ a \$3 million increase in current and other assets due to: i) a \$6 million increase in airport receivables, chiefly as a result of increase in accrual related to the aid from Federal Aviation Administration for improvements to the McClellan-Palomar airport. ii) a \$3 million decrease in pooled cash and investments; and
- ♦ a \$5 million increase in other liabilities, due to increases principally in accounts payable.

### Financial Analysis of County Funds

The County uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

#### Governmental Funds:

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of major governmental funds reported by the County include the General Fund, the Public Safety Special Revenue Fund and the Tobacco Endowment Special Revenue Fund. Nonmajor governmental funds include special revenue funds, debt service funds, and capital project funds.

At June 30, 2010, the County's governmental funds had combined ending fund balances of \$2.19 billion, a decrease of \$38.466 million in comparison to the prior fiscal year. Of the total June 30, 2010 amount, \$1.853 billion constituted unreserved fund balance,

which is available for spending at the County's discretion. The remaining \$338 million of fund balance is reserved to indicate that it is not available for new spending because it has already been committed. These reservations of fund balances include: (1) \$182 million reserved for other purposes; (2) \$79 million reserved for debt service; (3) \$65 million reserved for loans, due from other funds and prepaids; and (4) \$12 million reserved for inventories (\$11 million) and landfill closure costs (\$1 million).

Governmental revenues overall totaled \$3.70 billion representing a 1.2% decrease. Governmental expenditures totaled \$3.74 billion, a 1.2% decrease from the fiscal year ended June 30, 2009.

#### General Fund:

The General Fund is the chief operating fund of the County. At the end of fiscal year 2010, its unreserved fund balance was \$1.058 billion, while total fund balance was \$1.22 billion, an increase of \$30 million from fiscal year 2009.

This \$30 million increase in fund balance was composed of \$102 million in increases and \$72 million in decreases as follows:

Increases to fund balance of \$102 million were composed of:

- ♦ \$28 million decrease in salaries and benefits for the Sheriff's department as part of the County's overall strategy of deleting and freezing positions to minimize the impact of salary increases and benefit costs;
- ♦ \$19 million American Recovery and Reinvestment Act revenue for the In-Home Supportive Services program;
- ♦ \$17 million payment made in 2009 to terminate two interest rate swap agreements relating to the advance refunding of the 2002 Series B Taxable Pension Obligation Bonds;
- ♦ \$13 million in operating grants and contributions resulting from an increase in CalWORKs program federal case counts;
- ♦ \$8 million in operating grants and contributions for homeland security grant revenue;
- ♦ \$8 million in operating grants and contributions due to centralized child welfare services revenue;
- ♦ \$5 million decrease in Defense Attorney contract administration costs; and,
- ♦ \$4 million decrease in Sheriff Detention Area 3 contracted services.

Decreases to fund balance of \$72 million were composed of:

- ♦ \$21 million other revenue due to a 2009 settlement agreement reached with a vendor;
- ♦ \$20 million in property taxes consisting of \$14 million property tax current secured and \$6 million property tax prior secured supplemental as a result of lower assessed property values;
- ♦ \$8 million other revenue due to the February 2008 Special Presidential Primary;
- ♦ \$8 million property taxes in lieu of vehicle license fees;
- ♦ \$5 in charges for services - \$4 million election services; \$1 million recording fees;
- ♦ \$5 million in pooled investment income;
- ♦ \$3 million decrease in AB2890 recovered costs; and
- ♦ \$2 million Teeter property taxes.

## Public Safety Special Revenue Fund:

This fund was established to account for Proposition 172 half-cent sales taxes collected and apportioned to the County by the State Board of Equalization to fund public safety activities. Per Government Code Section 30052, a "maintenance of effort" (pre-Proposition (Prop) 172 public safety funding level) must be maintained by the County to comply with the statute's spending requirements. In accordance with the Code, funds are allocated to the Sheriff, District Attorney and Probation departments. Transfers-out of this fund subsidize the following types of public safety activities: juvenile detention services; facilities maintenance and support; capital projects, equipment and other one-time expenditures; on-going technology initiatives; and various region-wide services.

As of June 30, 2010, the total (unreserved) fund balance in the Public Safety Special Revenue Fund was \$4.8 million, a \$1.1 million increase from the previous fiscal year. This increase was mainly due to a \$6.1 million or 3% decrease in the primary revenue source for this fund - Prop 172 revenues (one-half sales and use tax) due to the ongoing economic recession; offset by a decrease in transfers of these monies to the General Fund by \$7.7 million or 4% in fiscal year 2010.

## Tobacco Endowment Special Revenue Fund:

This special revenue fund is used to account for the \$411 million the County received from the Tobacco Asset Securitization Corporation (Corporation) related to the sale of 25 years of tobacco settlement revenue in fiscal year 2002; and an additional \$123 million the County received from Corporation resulting from the issuance of the San Diego County Tobacco Asset Securitization Corporation refunding bonds in fiscal year 2006. At the end of fiscal year 2010, fund balance was \$412 million, a decrease of \$14.7 million from fiscal year 2009, principally due to a decline in investment income of \$13.3 million.

## Other Governmental Funds:

Other governmental funds consist of nonmajor funds, which include special revenue funds, debt service funds, and capital project funds. Individual fund data for each of these nonmajor governmental funds is provided in the combining financial statements/schedules and supplemental information section of this report.

As of the end of fiscal year 2010, the fund balances of the other governmental funds totaled \$554 million, a net decrease of \$55 million from the prior year. This \$55 million decrease consisted of \$36 million in increases, offset by decreases of \$91 million as follows:

\$36 million increase to Other Governmental Funds' fund balance:

- ◆ \$4 million increase in Housing and Community Development Special Revenue Fund's fund balance due to a one time loan repayment to the General Fund in fiscal year 2009.
- ◆ \$32 million increase to the Road Special Revenue Fund's fund balance due in part to a \$21 million increase in proposition 1B monies received from the State for road projects, coupled with

a \$14 million increase in the TransNet half-cent sales intergovernmental fund revenue; offset by a \$3 million decrease in charges for services.

\$91 million decrease to Other Governmental Funds' fund balance:

- ◆ \$12 million decrease to the Pension Obligation Bond debt service fund due to a \$64 million increase in principal paid on pension obligation bonds (consisting of a \$100 million redemption of Series 2008B variable rate demand bond obligations in fiscal year 2010, \$9 million first time principal payments made on the 2004 Series C Capital Appreciation Bonds in fiscal year 2010; offset by a \$44 million in principal payments in 2009 towards the refunding of 2002 Series B Subseries B-1 Auction Rate Securities; and a \$1 million decrease in other principal payments); offset by an \$8 million decrease in interest paid on bonds due to the decrease in bonds outstanding (attributable to the increase in principal payments made on outstanding debt); and a \$3 million decrease in bond issuance costs incurred in fiscal year 2009; an increase in other revenue of \$2 million and a \$39 million increase in transfers in from other funds to provide funding for the aforementioned \$100 million principal payment in fiscal year 2010.
- ◆ \$6 million decrease to the San Diego Regional Building Authority fund's fund balance due to approximately \$7 million increase in interest paid on the 2009 Series A County Operations Center debt; offset by a \$1 million increase in investment income.
- ◆ \$9 million decrease to the SANCAL debt service fund's fund balance principally attributable to the \$94 million payments to the refunded bond escrow agent, and \$1 million bond issuance costs offset by a \$80 million in refunding bond proceeds, and \$8 million premium on bond issuance, all due to the fiscal year 2010 refunding of the 1997 Central Jail Refunding and 1998 Downtown Courthouse Certificates of participation; coupled with an increase of \$2 million of principal paid.
- ◆ \$64 million decrease to the San Diego Regional Building Authority Capital Projects Fund's fund balance mainly due to \$64 million incurred in capital outlay expenditures incurred related to the ongoing construction of the County Operations Center.

## Proprietary Funds:

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The nonmajor enterprise funds and the internal service funds are combined into single, aggregated presentations in the proprietary fund financial statements. Individual proprietary fund data is presented in the combining financial statements/schedules and supplemental information section of this report.

## Enterprise Funds:

See previous discussion above regarding Business-type activities.

### Internal Service Funds:

Net Assets of the internal service funds (ISF) totaled \$113 million, a net increase of \$10 million from the prior year. This change was predominantly accounted for by the following increases to net assets:

- ◆ \$4 million in the Public Liability Insurance Fund primarily due to net operating income of \$4 million.
- ◆ \$6 million primarily as a result of: 1) Information Technology Fund - transfers in of \$3 million; 2) Employee Benefits Fund - \$1 million non-operating revenue; 3) Purchasing Fund - operating loss of \$4.5 million, transfers in of \$6 million and transfers out of \$4.5 million for a total of \$1 million; and 4) Other Miscellaneous Internal Service Funds - operating revenues of \$6 million, operating expenses of \$3 million and transfers out of \$2 million for a total increase of \$1 million.

### Fiduciary Funds:

The County maintains fiduciary funds for the assets of the *Investment Trust Funds* and the *Agency Funds*.

### Investment Trust Funds:

These funds were established for the purpose of reporting pooled and specific investments. The Investment Trust Funds' net assets totaled \$3.15 billion, a decrease of \$628 million, from the previous year. This decrease was substantially due to distributions from investments of \$5.97 billion offset by contributions to investments of \$5.3 billion.

### Agency Funds:

Agency funds maintain assets held in an agent capacity for other governments, organizations and individuals. These assets do not support the County's programs or services. Any portion of the agency funds' assets held at fiscal year end for other County funds are reported in those funds rather than in the agency funds.

## General Fund Budgetary Highlights

The County's final budget differs from the original budget (see Notes to required supplementary information) in that it contains supplemental appropriations approved during the fiscal year for various programs and projects, as well as transfers of appropriations, budget corrections, re-budgets, and account reclassifications. For the fiscal year ended June 30, 2010 net expenditure appropriations increased by \$57.5 million and appropriations for transfers-out decreased by \$17.0 million for a net increase of \$40.5 million.

Appropriation changes of note to the original budget were the following:

- ◆ \$9.4 million for Homeland Security in various departments including the Office of Emergency Services, Department of Planning and Land Use, Department of Environmental Health, Department of Agriculture, Weights and Measures, Medical Examiner, Sheriff and Health and Human Services for emergency planning, continued development of a disaster preparedness exercise program, equipment purchases, regional projects and grant administration, funded by revenue from the federal Department of Homeland Security;

- ◆ \$7.2 million to bolster preparedness and response capabilities for the Pandemic 2009 H1N1 influenza based on funding from the Centers for Disease Control and Prevention and the U.S. Department of Health and Human Services;
- ◆ \$11.5 million in cancelled appropriations due to reductions in State funding resulting from the States July 28, 2009 amended budget for Fiscal Year 2009-10. The budget cuts which affected the Probation Department, the Sheriff and the Health and Human Services Agency included a \$4.2 million reduction in salaries and benefits reflecting a reduction of 83 staff years;
- ◆ \$3.0 million in the Health and Human Services Agency's Child Welfare Services to fund the multi-year Early Childhood Welfare Project, based on funding from the First Five Commission;
- ◆ \$13.8 million in the Sheriff to provide funding to designated agencies working within the San Diego County region to enhance cooperation and coordination between law enforcement agencies in a joint mission to reduce border related crimes and assist in securing the United States land borders, funded by the Governor's office of Homeland Security Operation Stonegarden grant funds;
- ◆ \$3.5 million in the Department of Environmental Health to provide funding for the Business Case Management System (BCMS) based in the Department's fund balance designation within the General Fund. The BCMS will replace all the inspection and permitting systems;
- ◆ \$3.0 million to the Department of Medical Examiner for furniture, fixtures, and equipment for the new Medical Examiner and Forensic Center, based on a transfer from the Justice Facility Construction Fund;
- ◆ \$2.5 million in the Sheriff and District Attorney to fund Operation Vise Grip based on a grant from the U.S. Department of Justice Bureau of Justice Assistance. The goal of the project was control, reduce and/or prevent criminal narcotics activity along the southern border region of the U.S; and,
- ◆ \$3.2 million for the Public Law Library based on a donation from the San Diego Public Law Library Board of Trustees.

Actual revenues fell short of the final budgeted amounts by \$192.9 million, while actual expenditures were less than the budgeted amount by \$517.7 million. The combination of the revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of \$324.8 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of \$197.0 million and there was no variance in the increase to the reserve for inventories of materials and supplies. These combined amounts resulted in a variance in the net change in fund balance of \$521.3 million.

### Health and Human Services Agency Programs:

Funded by a combination of State, federal, and County revenues, most Health and Human Services Agency programs are carried out in the functional areas of health and sanitation and public assistance, with budget over expenditure variances of \$78.5 million and \$97.0 million, respectively. Overall, these expenditure

variances primarily resulted from a lower demand for services than budgeted levels in the following areas:

- ♦ Revised estimates of growth trends in In-Home Supportive Services Individual Provider costs;
- ♦ Aid payment expenditures for the Severely Emotionally Disturbed, Foster Care, and KinGap in Child Welfare Services;
- ♦ Contracted services (e.g., in Behavioral Health Services and un-awarded Mental Health Services Act contracts);
- ♦ Early Periodic Screening; and Diagnosis and Treatment (EPSDT) services contractor expenditures;
- ♦ Bio-terrorism emergency appropriation savings associated with unsecuritized tobacco revenue; and
- ♦ Lower than expected expenditures for H1N1.

These lowered expenditures were offset by corresponding reductions in federal and State revenue.

## Salaries and Benefits:

With the economic recession and the continuing uncertainty over State and federal funding, many County functions have significantly reduced spending for salaries and benefits in an effort to mitigate revenue shortfalls. The total budget over expenditures variance across all functions in this category was \$61.0 million. A significant portion of these savings were in the Public Safety Group due to reduced Prop 172 revenues (See previous discussion of the Public Safety Special Revenue Fund). The economic downturn and continued decline in the housing market resulted in reduced consumer spending and reduced sales tax revenues which are the basis for Prop 172 revenues. The total budget over expenditures variance across Public Safety for salaries and benefits was \$30.1 million, of which \$16.0 million is attributable to the Sheriff's Department.

## Delayed expenditures:

Many County projects, such as maintenance and information technology, take place over more than one fiscal year. However, at inception they are budgeted at full expected cost, resulting in budgeted over expenditure variances that are rebudgeted in the new fiscal year. For example:

- ♦ The Department of Planning and Land Use rebudgeted \$5.7 million of one-time funding for the Business Case Management System, Service First Initiative, General Plan Update and the Fire Prevention Program to continue to supplement fire services in the unincorporated area of the county.
- ♦ The Department of Planning and Land Use rebudgeted \$1.3 million in LUEG fund balance, including \$0.7 million for a Vegetation Management Environmental Impact Report, \$0.3 million station improvements to the volunteer fire stations and the remaining \$0.2 for miscellaneous projects in the department.
- ♦ The Sheriff rebudgeted \$17.0 million for various law enforcement grants, including \$10.0 million for Operation Stonegarden, \$3.4 million for the Urban Area Security Initiative, \$2.3 million for Homeland Security and \$1.1 million for the Public Safety Interoperable Communications grant.

## Management and Contingency Appropriations:

The County annually sets up management and contingency appropriations based on both prior years' fund balance and ongoing general purpose revenues. Management reserve appropriations are primarily used to fund one-time projects at the Group/Agency level. Contingency reserve appropriations are a source of funding for unanticipated needs, events, or for various uncertainties that may occur during the fiscal year at a county-wide level. Examples of potential needs include emergency repairs, one-time projects or countywide appropriation and revenue shortfalls.

Unexpended appropriations in these areas resulted in a budget over actual variance of \$47.0 million; \$27 million in management reserve appropriations and \$20 million in contingency reserve appropriations. The \$27 million variance in management reserve appropriations is principally attributable to \$20 million in Health and human services agency - health administration; \$3.6 million in Financing and general government - other general; and \$3.3 million in Community services.

Additionally, in Fiscal Year 2010, Countywide general expense included appropriations of \$30.4 million for economic uncertainty with the intent that it not be spent unless unanticipated needs arose; of that amount, \$25.2 million was unexpended at year end.

## Capital Assets and Commitments

### Capital Assets

At June 30, 2010, the County's capital assets for both governmental and business-type activities was \$2.97 billion and \$167 million, respectively, net of accumulated depreciation. Investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure (including roads, bridges, flood channels, and traffic signals), equipment, software and easements. Significant increases to capital assets in fiscal year 2010 included:

### Governmental Activities:

- ♦ \$65.8 million towards construction at the County Operations Center. Total project costs are estimated at \$181.5 million.
- ♦ \$47.6 million towards the construction and improvement of County maintained roads, bridges and other road related infrastructure.
- ♦ \$20.6 million in infrastructure donated by developers.
- ♦ \$20 million towards various land acquisitions.
- ♦ \$13.9 million towards the construction of various miscellaneous capital outlay fund projects.
- ♦ \$10.7 million towards the construction of the Medical Examiner Building at the County Operation Center in Kearny Mesa. Total project costs are estimated at \$68.7 million.
- ♦ \$8.5 million towards development of various software applications.
- ♦ \$8.1 million towards purchase of software licenses.
- ♦ \$6 million towards the construction of the Fallbrook Branch Library. Total project costs are estimated at \$10.6 million.
- ♦ \$4.5 million towards acquisition of easements.

- ◆ \$4.2 million towards the construction of the Ramona Branch Library. Total project cost are estimated at \$11.7 million.
- ◆ \$3 million towards improvements at Otay Valley Regional Park Trail. Total cost are estimated at \$10 million.
- ◆ \$1.9 million towards the construction of flood control drainage channels.

## Business-type Activities:

- ◆ \$9.1 million towards improvements at the Palomar Airport runway. Total project costs are estimated at \$10.8 million.
- ◆ \$2.8 million towards taxiway improvements at the Gillespie Field Airport. Total project costs are estimated at \$5.3 million.
- ◆ \$2.2 million towards Rehabilitation of Spring Valley Outfall Sewer, Manhole 31-33A.

For government-wide financial statement presentation, governmental funds depreciable capital assets are depreciated from the acquisition date to the end of the current fiscal year. Governmental funds financial statements record capital asset purchases as expenditures.

## Capital Commitments:

As of June 30, 2010, capital commitments included the following:

## Governmental Activities:

- ◆ \$86 million for the construction of: the County Operations Center, Ramona and Fallbrook Libraries, South Santa Fe Ave., Valley Center Road Bridge, Jamacha Blvd., Olive Vista Dr., Sweetwater Summit Campground, acquisition of Del Dios Highlands preserve and purchase of license agreements and upgrade of Oracle Enterprise Resources.

## Business-type Activities:

- ◆ \$1 million for the construction of improvements at McClellan Palomar Airport runway.

(Please refer to Note 7 in the notes to the financial statements for more details concerning capital assets and capital commitments.)

## Long-Term Liabilities

### Governmental Activities:

At June 30, 2010, the County's governmental activities had outstanding long-term liabilities of \$2.12 billion.

Of this amount, approximately \$1.88 billion pertained to long-term debt outstanding. Principal debt issuances included: \$874 million in taxable pension obligation bonds; \$574 million in Tobacco Settlement Asset-Backed Bonds; and \$422 million in certificates of participation (COPs) and lease revenue bond (LRBs).

Other long-term liabilities included \$118 million in claims and judgments; \$100 million in compensated absences; \$21 million for landfill closure and postclosure costs and \$.242 million in capital leases.

During fiscal year 2010, the County's total principal amount of COPs and lease revenue bonds, other bonds, and loans for governmental activities decreased by \$168.64 million.

The \$168.64 million decrease was due to the following increases and decreases:

Increases to debt were \$101.152 million and included:

- ◆ \$80.940 million of fixed rate serial certificates of participation issued by the San Diego County Capital Asset Leasing Corporation to advance refund \$55.475 million of outstanding 1997 Central Jail Refunding Certificates of Participation and \$42.270 million 1998 Downtown Courthouse Refunding Certificates of Participation;
- ◆ \$1.03 million of California Energy Conservation loans;
- ◆ \$4.047 million of principal was accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal balances outstanding;
- ◆ \$4.011 million of principal was accreted (added) to the outstanding Taxable Pension Obligation Bonds' principal balances outstanding; and,
- ◆ \$11.124 million due to the effects of arbitrage, unamortized issuance premiums, unamortized issuance discounts, and unamortized deferred amounts on refundings.

Decreases to debt were \$269.792 million and included:

- ◆ \$97.745 million advance refunding of the outstanding 1997 Central Jail Refunding Certificates of Participation and 1998 Downtown Courthouse Refunding Certificates of Participation referred to above;
- ◆ \$100 million redemption of the Series 2008B Variable Rate Demand Obligations; and
- ◆ \$72.047 million in principal debt service payments.

## Business-type Activities:

Long-term liabilities for business-type activities totaled \$2.27 million and consisted of \$1.81 million for capital loans and \$460 thousand for compensated absences.

Long-term liabilities for business-type activities decreased by \$217 thousand. This was due to a combination of \$229 thousand in debt service payments on capital loans and a net increase of \$12 thousand in compensated absences.

(Please refer to Notes 13 through 15 in the notes to the financial statements for more details concerning long-term debt; changes in long-term liabilities; and funds used to liquidate liabilities.)

## Credit Ratings

The County's issuer and credit ratings on its bonded program are as follows:

**Table 3**

Credit Ratings			
	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aa1	AAA	AAA
Certificates of Participation San Diego Capital Asset Leasing Corporation (SANCAL)	Aa3	AA+	AA+
Certificates of Participation San Diego Regional Building Authority (SDRBA)	Aa3	AA+	AA+
Metropolitan Transit System Towers	Aa3	AA+	AA+
Lease Revenue Bonds SDRBA County Operations Center 1A	Aa3	AA+	AA+
Refunding Lease Revenue Bonds SDRBA San Miguel	A1	not rated	not rated
Pension Obligation Bonds	Aa2	AA+	AA+
Tobacco Settlement Asset-Backed Bonds - Series 2006A (Senior)	Baa3	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	BBB-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	BB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	BB-	not rated
County Redevelopment Agency Bonds	not rated	not rated	not rated

In 2010, Moody's recalibrated the County's ratings on its outstanding lease financings from A1 to Aa3 (SANCAL, SDRBA Metropolitan Transit System Towers and SDRBA County Operations Center 1A), from A2 to A1 (SDRBA San Miguel) and Aa3 to Aa2 (Pension Obligation Bonds); and raised the County's issuer rating to Aa1. Standard and Poor's lowered its ratings on the outstanding Tobacco Settlement Asset-Backed Bonds (TSAB) - Series 2006B First Subordinate (BBB to BBB-), TSAB Series C Second Subordinate (BBB- to BB+) and TSAB Series 2006D Third Subordinate (BB to BB-). Standard and Poor's also affirmed its ratings on the remaining outstanding debt, and its AAA County issuer credit rating; and according to its RatingsDirect report issued in September 2009, "the stable outlook reflects the County's deep and diverse economic base, strong reserve levels, formalized policies, manageable debt burden and long track record of conservative budgeting where actual results typically exceed initial projections." Fitch also recalibrated its ratings assigned to the County's outstanding lease revenue and Pension Obligation Bonds from AA to AA+ (except for SDRBA San Miguel which remained not rated); and raised the County's issuer rating to AAA.

## Economic Factors and Next Year's Budget and Rates

- ♦ The fiscal year 2011 General Fund adopted budget utilizes as funding sources for one-time expenditures \$286.8 million out of \$493.6 million in unreserved undesignated fund balance and \$4.6 million out of \$564.2 million unreserved designated fund balance.
- ♦ The fiscal year 2011 General Fund adopted budget contains total appropriations of \$3.74 billion. This is a decrease of \$51.0 million or 1.3% from the fiscal year 2010 General Fund adopted budget. A number of risk factors continue to be tracked closely: the state of the economy, which is suffering from high unemployment, a struggling real estate market and consumer spending weakness, the State of California's inability to address budget impasses timely, and the State of California's projected budget imbalances for fiscal year 2012, 2013 and beyond.
- ♦ The U.S. economy's Gross Domestic Product (GDP) for 2009 showed a decline of 2.6% compared to no change in 2008 after a 1.9% gain in 2007. GDP is expected to rebound in 2010, with a current growth projection of 2.8%, and GDP growth for 2011 is forecasted to be 2.1%.
- ♦ California's economy has been negatively impacted by the same financial market, housing and real estate, employment and personal income trends experienced at the national level. In 2009, key indicators of California's economy confirmed these trends. Payroll employment declined by 6.0%, real personal income declined by 2.8%, and adjusted taxable sales is estimated to have declined by 14.6%. California's 2010 economy is expected to remain weak with payroll employment expected to decline by 1.2%, real personal income is expected to increase by 0.6%, and taxable sales is expected to increase by 0.1%.
- ♦ The State's budget outlook continues to be strained, with the slow pace of economic recovery contributing significantly to the ongoing structural imbalance between revenues and expenditures.
- ♦ San Diego was one of the first areas in California and the nation to experience the housing price meltdown, feel the financial impacts from the credit crisis, and experience a jump in loss of jobs. 2010 continues to be another unsettled year for our region's economy. San Diego's index of leading economic indicators has trended higher for the past year, indicating gradual economic improvement overall. While a strong economic recovery is not expected for some time, 2011 should see continued signs of improvement for the region.
- ♦ The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. Building permit applications have been down making it difficult to maintain core services for these fee-based programs. The real estate market slump has impacted the County's general purpose revenue (GPR), although GPR is expected to increase marginally in fiscal year 2011 from fiscal year 2010. GPR is relied upon to fund local

discretionary services, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. Additionally, the State's budget, severely impacted by the recession, has cut funding to local governments in many program areas.

As discussed below, the County's GPR is projected to increase by 0.4% (with budgeted revenue of \$954.4 million in fiscal year 2011 compared to \$950.7 million budgeted in fiscal year 2010).

- ♦ The largest source of general purpose revenue is property taxes (\$497.6 million budgeted in fiscal year 2011), representing 52.2% of the total. For the last ten years, property tax growth has been high (6.7% average annual growth) due to the County's overall stable economy and healthy real estate market. In 2011, property taxes are budgeted to increase by \$1.3 million, or 0.3%, from the 2010 budget. The budgeted property tax revenue factors in the current soft commercial and residential real estate conditions as evidenced by the continued low level of building permits; gradually improving median price of homes; the continued high level of foreclosures; and a continued slowing in total deeds recorded. Current property taxes consist of three components: current secured property taxes, current supplemental property taxes, and current unsecured property taxes.
- ♦ The budgeted amount of current secured property tax revenues (\$477.2 million) assumes a net local assessed secured property value decline of 2.35% from the actual local assessed secured property value figure for 2010, and makes certain assumptions regarding the County's share of countywide property tax revenues, the delinquency rate, and the amount of tax roll corrections and refunds on prior year assessments. The actual change in the net local assessed secured property value was better than assumed for the fiscal year 2011 budget, declining by only 1.7%. Consequently, the actual current secured property tax revenues in fiscal year 2011 will likely come in higher than budget. In fiscal year 2012, the projected amount of revenues from current secured property taxes assumes no growth in local assessed secured property values.
- ♦ Current supplemental property taxes (\$3.1 million budgeted in fiscal year 2011) are derived from net increases to the tax roll from either new construction or changes in ownership that occur subsequent to the January 1 lien date and are, therefore, more difficult to predict. The slowdown in new construction and the decline in real estate prices are being acutely felt in supplemental property tax revenues. In many change of ownership transactions, instead of a property owner being billed for an additional amount of property tax because the value of the property after the transaction is higher than the value as of the lien date, the property owner receives a refund because the value is lower than it was on the lien date. In fiscal year 2006, refunds countywide totaled \$4.0 million. They increased to \$6.2 million in fiscal year 2007, increased to \$15.0 million in 2008, and increased again to \$38.3 million in 2009. Supplemental refunds exceeded \$21.6 million in fiscal year 2010 and are anticipated to gradually decline in fiscal year 2011. Current supplemental property tax revenues were \$29.5 million in fiscal year 2006. They dropped to \$23.4 million in fiscal year 2007, to \$14.0 million in fiscal year 2008, and to \$2.4 million in 2009. In fiscal year 2010, current supplemental property tax revenues were \$1.9 million. The Adopted Operational Plan assumes that this weakness will continue through the next two fiscal years.
- ♦ Current unsecured property tax revenues (\$17.3 million budgeted in fiscal year 2011) are forecasted based on trends and available information at the time the budget is developed. Growth of 3.0% is budgeted for fiscal year 2011 over the fiscal year 2010 adopted budget.
- ♦ Property taxes in lieu of vehicle license fees (VLF) comprises 31.6% (an estimated \$301.8 million) of budgeted general purpose revenue in fiscal year 2011. This revenue source was established by the State in fiscal year 2005 to replace the previous distribution of vehicle license fees to local governments. Growth in this revenue source is based on the growth in the County's gross taxable assessed value. The certified rate of decline for 2011 is 1.69%. Similar to current secured property tax revenue, no growth is expected for fiscal year 2012.
- ♦ Teeter revenues represent 4.2% (an estimated \$40.3 million) of budgeted general purpose revenue. In Fiscal Year 2004, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan"). Under this plan, the County advances funds to these entities to cover the unpaid (delinquent) taxes (the "Teetered Taxes"). The County's general fund benefits from this plan by being entitled to future collections of penalties and interest that are also due once the delinquent taxes are paid. A legal requirement of the Teeter Plan requires the County to maintain a tax loss reserve fund to cover losses that may occur if delinquent taxes are not paid and the property goes into default and is sold for less than the outstanding taxes and assessments. Throughout the year, all interest and penalties collected on Teetered secured and supplemental property taxes are first deposited into the Teeter Tax Loss Reserve Fund. Any excess amounts above 25% of the total delinquent secured taxes and assessments may be transferred to the general fund. For Fiscal Year 2011, collections from previous years' receivables are budgeted to decrease by \$1.1 million based on the size of the outstanding annual receivables and based on anticipated collection trends and market conditions. In Fiscal Year 2011, excess amounts from the Teeter Tax Loss Reserve Fund increase from the \$14.0 million that was budgeted in Fiscal Year 2010 to \$21.5 million budgeted in Fiscal Year 2011, based on the change in the expected level of Teetered taxes. These revenues are expected to decrease by \$3.3 million in 2012.
- ♦ Sales and use tax revenue and in lieu local sales and use tax (\$20.0 million in fiscal year 2011) represents about 2.1% of budgeted general purpose revenue. These revenues are derived from taxable sales by retailers who sell or rent tangible

personal property in unincorporated areas of the county or from use taxes from consumers who purchase tangible personal property from out of state. Use taxes are also imposed on the storage, use, lease or other consumption of tangible personal property at any time a sales tax has not been paid by the retailer. The growth in this funding source is generally impacted by population growth, new retail business formation and consumer spending trends. The in lieu local sales and use tax revenue replaces regular sales and use tax revenue with monies transferred from the Educational Revenue Augmentation Fund (ERAF) under the provisions of AB7 X1, one of the 2004 State budget bills. This legislation enabled the State to redirect one-quarter cent of the local sales and use tax to the state to repay up to \$15 billion in bonds authorized by Proposition 57 (March 2004) to help the State refinance its past debt. In turn, the redirected local sales and use tax revenues are replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF. This funding mechanism is known as the "triple flip."

Retail sales revenue grew moderately from fiscal year 2006 through fiscal year 2008 in concert with population growth and new retail business formation in the unincorporated area. However, the recent economic volatility, housing market declines, and unemployment trends have impacted retail sales at the statewide, southern California and San Diego regional levels. Sales tax revenues showed signs of improvement in the first six months of 2010 compared to 2009 and this trend is expected to continue through the end of the calendar year. The amount of budgeted revenue in fiscal year 2011 is approximately \$3.4 million (14.6%) below the fiscal year 2010 budgeted revenue. Growth of \$0.3 million or 1.5% is projected for 2012.

- ♦ Intergovernmental Revenue (\$35.6 million budgeted in fiscal year 2011) is approximately 3.7% of the total GPR in 2011 and represents funding the County receives from various intergovernmental sources including Redevelopment Agencies, the City of San Diego (pursuant to a Memorandum

Of Understanding related to the County's Central Jail), the federal government (Payments in Lieu of Taxes (PILT) for tax-exempt federal lands administered by the Bureau of Land Management, the National Park Service, and the U.S. Fish and Wildlife Service), and the State of California (reimbursement to the County for the Homeowner's Property Tax Relief (HOPTR) program). The largest portion of this funding is from redevelopment agencies based on the provisions of Article 16, Section 16 of the California Constitution, and Health and Safety Code Section 33670 which provides for the division of certain portions of property tax revenues between redevelopment projects and other taxing agencies.

- ♦ Other revenues budgeted for fiscal year 2011 total \$59.1 million, and comprise 6.2% of budgeted general purpose revenue. The fiscal year 2011 amount represents an 8.6% or \$4.7 million increase over the fiscal year 2010 Adopted Budget total. Various revenue sources make up this category including Real Property Transfer Tax (RPTT), interest on deposits, fines, fees and forfeitures, prior year property taxes, penalty and cost delinquency taxes, franchise revenue, cable and video licenses and other miscellaneous revenues. The increase in other revenues is primarily from anticipated higher RPTT revenue than budgeted in fiscal year 2010.

The County's Operational Plan for fiscal year 2011 and for fiscal year 2012 can be found on the internet at <http://www.sdcounty.ca.gov/auditor/budinfo.html>.

## Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's *accountability* for the money it receives. If you have questions about this report or need additional financial information, please contact the Auditor and Controller's Office, County of San Diego, located at 1600 Pacific Highway, San Diego, California 92101.

Basic

Financial

Statements



Lorikeet at Wild Animal Park

lorikeet, Wild Animal Park

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## STATEMENT OF NET ASSETS

June 30, 2010 (In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
<b>ASSETS</b>				
Pooled cash and investments	\$ 1,724,202	78,297	1,802,499	57,730
Cash with fiscal agents	31		31	
Investments with fiscal agents	448,621		448,621	126,311
Receivables, net	505,120	13,362	518,482	6,630
Property taxes receivables, net	196,250		196,250	
Internal balances	(3,417)	3,417		
Inventories	12,280		12,280	
Deposits with others	31		31	
Prepaid items	503		503	3
Deferred charges	14,620		14,620	
Restricted assets:				
Cash with fiscal agents	283		283	3,481
Investments with fiscal agents	73,844		73,844	
Lease receivable	17,352		17,352	
Capital assets:				
Land, easements and construction in progress	563,102	32,751	595,853	
Other capital assets, net of accumulated depreciation	2,405,851	133,903	2,539,754	
<b>Total assets</b>	<b>5,958,673</b>	<b>261,730</b>	<b>6,220,403</b>	<b>194,155</b>
<b>LIABILITIES</b>				
Accounts payable	172,961	7,126	180,087	17,406
Accrued payroll	39,711	199	39,910	
Accrued interest	26,291		26,291	
Unearned revenue	226,570	37	226,607	
Non-current liabilities:				
Due within one year	143,336	430	143,766	64
Due in more than one year	1,972,011	1,839	1,973,850	35
<b>Total liabilities</b>	<b>2,580,880</b>	<b>9,631</b>	<b>2,590,511</b>	<b>17,505</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,595,105	164,845	2,759,950	
Restricted for:				
Creditors - Capital projects	61,488		61,488	
Grantors - Housing assistance	60,325		60,325	
Donations	2,082		2,082	
Laws or regulations of other governments:				
Landfill closure costs	927		927	
Defray administrative costs, other general reserves	26,104		26,104	
Teeter Tax Loss	29,960		29,960	
Emergency medical services, various construction costs	24,899		24,899	
Mental health	12,949		12,949	
Social programs	3,328		3,328	
Vector Control	12,602		12,602	
Domestic violence and child abuse prevention	3,130		3,130	
Sheriff vehicle maintenance and replacement	1,138		1,138	
Fingerprinting equipment purchase and operation	8,227		8,227	
Housing repairs and improvements	426		426	
First 5 Commission				176,650
Unrestricted	535,103	87,254	622,357	
<b>Total net assets</b>	<b>\$ 3,377,793</b>	<b>252,099</b>	<b>3,629,892</b>	<b>176,650</b>

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2010 (In Thousands)

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
<b>Governmental Activities:</b>								
General government	\$ 304,305	90,503	49,739	12,282	(151,781)		(151,781)	
Public protection	1,091,910	204,405	392,342	257	(494,906)		(494,906)	
Public ways and facilities	131,982	17,899	116,429	20,707	23,053		23,053	
Health and sanitation	681,448	110,081	471,523		(99,844)		(99,844)	
Public assistance	1,171,603	14,271	1,159,686		2,354		2,354	
Education	39,165	1,068	2,362		(35,735)		(35,735)	
Recreation and cultural	33,629	7,142	510		(25,977)		(25,977)	
Interest expense	111,942				(111,942)		(111,942)	
<b>Total governmental activities</b>	<b>3,565,984</b>	<b>445,369</b>	<b>2,192,591</b>	<b>33,246</b>	<b>(894,778)</b>		<b>(894,778)</b>	
<b>Business-type activities:</b>								
Airport	12,389	9,299	15,330			12,240	12,240	
Sanitation Districts	18,831	19,823				992	992	
Wastewater Management	5,523	6,616				1,093	1,093	
<b>Total business-type activities</b>	<b>36,743</b>	<b>35,738</b>	<b>15,330</b>			<b>14,325</b>	<b>14,325</b>	
<b>Total primary government</b>	<b>3,602,727</b>	<b>481,107</b>	<b>2,207,921</b>	<b>33,246</b>	<b>(894,778)</b>	<b>14,325</b>	<b>(880,453)</b>	
<b>Component Unit:</b>								
First 5 Commission	\$ 59,178		37,062					(22,116)

Continued

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2010 (In Thousands)

(Continued)	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
Changes in net assets:				
Net (expense) revenue	\$ (894,778)	14,325	(880,453)	(22,116)
General revenues				
Taxes:				
Property taxes	593,553		593,553	
Other taxes	15,991		15,991	
Property taxes in lieu of vehicle license fees	308,842		308,842	
Sales and use taxes	20,576		20,576	
Total general tax revenues	938,962		938,962	
Investment income	30,941	1,046	31,987	3,965
Other	85,693	18	85,711	
Total general revenues	1,055,596	1,064	1,056,660	3,965
Transfers	345	(345)		
Total general revenues and transfers	1,055,941	719	1,056,660	3,965
Change in net assets	161,163	15,044	176,207	(18,151)
Net assets at beginning of year	3,216,630	237,055	3,453,685	194,801
Net assets at end of year	\$ 3,377,793	252,099	3,629,892	176,650

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2010 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 1,121,752	18,315	2,530	402,237	1,544,834
Cash with fiscal agents	31				31
Investments with fiscal agents	2		408,027	40,592	448,621
Receivables, net	338,969	33,423	5,032	125,641	503,065
Property taxes receivables, net	195,499			751	196,250
Due from other funds	67,382			11,971	79,353
Inventories	9,418			1,512	10,930
Deposits with others				31	31
Prepaid items	62			441	503
Restricted assets:					
Cash with fiscal agents	146			137	283
Investments with fiscal agents				73,844	73,844
Lease receivable	8,454			8,898	17,352
<b>Total assets</b>	<b>1,741,715</b>	<b>51,738</b>	<b>415,589</b>	<b>666,055</b>	<b>2,875,097</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	96,014			39,516	135,530
Accrued payroll	36,576			2,168	38,744
Due to other funds	36,888	46,939	3,314	21,633	108,774
Deferred revenues	130,190			44,527	174,717
Unearned revenue	221,939			3,990	225,929
<b>Total liabilities</b>	<b>521,607</b>	<b>46,939</b>	<b>3,314</b>	<b>111,834</b>	<b>683,694</b>
<b>FUND BALANCES</b>					
Reserved fund balance:					
Reserved for loans, due from other funds and prepaids	6,765			58,349	65,114
Reserved for deposits with others				19	19
Reserved for landfill closure costs	927				927
Reserved for inventories	9,418			1,512	10,930
Reserved for debt service				78,839	78,839
Reserved for housing repairs and improvements				426	426
Reserved for other purposes	145,147			36,755	181,902
Unreserved:					
Designated for encumbrances	267,340	3,606			270,946
Designated for economic uncertainty	100,000				100,000
Designated for realignment health, mental health and social services	73,729				73,729
Designated for unforeseen catastrophic events	55,500				55,500
Designated for subsequent years' expenditures	66,815				66,815
Designated for landfill postclosure and landfill closure costs	852				852
Undesignated	493,615	1,193	412,275		907,083
Unreserved, reported in nonmajor:					
Special Revenue Funds					
Designated for encumbrances				24,881	24,881
Designated for subsequent years' expenditures				31,095	31,095
Designated for landfill postclosure and landfill closure costs				60,972	60,972
Undesignated				171,447	171,447
Capital Projects Funds					
Undesignated				89,926	89,926
<b>Total fund balances</b>	<b>1,220,108</b>	<b>4,799</b>	<b>412,275</b>	<b>554,221</b>	<b>2,191,403</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,741,715</b>	<b>51,738</b>	<b>415,589</b>	<b>666,055</b>	<b>2,875,097</b>

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS June 30, 2010 (In Thousands)

Total fund balances - governmental funds.	\$ 2,191,403
Capital assets used in governmental activities (excluding internal service funds) are not current financial resources and, therefore, are not reported in the balance sheet. This amount represents capital assets net of accumulated depreciation.	2,901,048
Unamortized issuance costs - bonds, notes and loans payable deferred charges (to be amortized over the life of the debt).	14,620
Accrued interest on long-term debt.	(26,287)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities.	174,717
Long-term liabilities, including bonds, notes, and loans payable, are not due and payable in the current period and, therefore, are not reported in the balance sheet.	(1,990,073)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, road and communications services, materials and supplies (purchasing), and facilities services to individual funds; loans for start-up services for new and existing county service districts; and the financing of clothing and personal sundry items for persons institutionalized at various county facilities. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	112,365
Net assets of governmental activities	\$ 3,377,793

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 904,515			41,809	946,324
Licenses, permits and franchise fees	40,967			6,611	47,578
Fines, forfeitures and penalties	53,996			3,873	57,869
Revenue from use of money and property	23,171		9,470	13,459	46,100
Aid from other governmental agencies:					
State	814,553	189,376		132,827	1,136,756
Federal	824,821			138,464	963,285
Other	91,478			11,230	102,708
Charges for current services	277,252			41,031	318,283
Other revenue	33,757			47,462	81,219
<b>Total revenues</b>	<b>3,064,510</b>	<b>189,376</b>	<b>9,470</b>	<b>436,766</b>	<b>3,700,122</b>
<b>Expenditures:</b>					
Current:					
General government	197,124			8,332	205,456
Public protection	1,055,315			8,575	1,063,890
Public ways and facilities	10,063			56,330	66,393
Health and sanitation	635,148			40,108	675,256
Public assistance	1,034,340			134,947	1,169,287
Education	906			36,516	37,422
Recreation and cultural	28,102			1,880	29,982
Capital outlay	27,184			178,328	205,512
Debt service:					
Principal	28,777			140,282	169,059
Interest and fiscal charges	17,025			84,011	101,036
Bond issuance costs				739	739
Payment to refunded bond escrow agent	4,436			10,941	15,377
<b>Total expenditures</b>	<b>3,038,420</b>			<b>700,989</b>	<b>3,739,409</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>26,090</b>	<b>189,376</b>	<b>9,470</b>	<b>(264,223)</b>	<b>(39,287)</b>
<b>Other financing sources (uses):</b>					
Sale of capital assets	338			27	365
Issuance of bonds and loans:					
Premium on issuance of refunding bonds				7,803	7,803
Refunding bonds issued				80,940	80,940
Payment to escrow agent/refunded bond				(83,173)	(83,173)
Transfers in	226,039			225,979	452,018
Transfers out	(223,042)	(188,226)	(24,200)	(22,215)	(457,683)
<b>Total other financing sources (uses)</b>	<b>3,335</b>	<b>(188,226)</b>	<b>(24,200)</b>	<b>209,361</b>	<b>270</b>
<b>Net change in fund balances</b>	<b>29,425</b>	<b>1,150</b>	<b>(14,730)</b>	<b>(54,862)</b>	<b>(39,017)</b>
<b>Fund balances at beginning of year</b>	<b>1,190,038</b>	<b>3,649</b>	<b>427,005</b>	<b>609,177</b>	<b>2,229,869</b>
<b>Increase (decrease) in</b>					
Reserve for inventories	645			(94)	551
<b>Fund balances at end of year</b>	<b>\$ 1,220,108</b>	<b>4,799</b>	<b>412,275</b>	<b>554,221</b>	<b>2,191,403</b>

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2010 (In Thousands)

Net change in fund balances - total governmental funds	\$ (39,017)
Governmental funds accrue property tax revenue which is deemed collectible within 60 days. However, for the statement of activities the total amount estimated to ultimately be collected is accrued.	(7,362)
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred revenue) but are recognized as revenue in the statement of activities.	(7,216)
Adjustment to reserve for inventories.	551
Change in accounting estimate for closure and postclosure costs - (public protection function) - San Marcos Landfill.	376
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	103,872
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(68,690)
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	182,133
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(14,032)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (or expense) of internal service funds is reported within governmental activities.	10,548
Change in net assets - governmental activities	\$ 161,163

# STATEMENT OF NET ASSETS PROPRIETARY FUNDS

June 30, 2010 (In thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Pooled cash and investments	\$ 78,297	179,368
Receivables, net	13,362	2,055
Due from other funds	266	31,337
Inventories		1,350
Total current assets	91,925	214,110
Noncurrent assets:		
Due from other funds	3,363	98
Capital assets:		
Land	11,565	
Construction in progress	21,186	341
Buildings and improvements	102,874	
Equipment	1,307	127,324
Software		66,697
Road network	6,362	
Sewer network	85,632	
Accumulated depreciation	(62,272)	(126,457)
Total noncurrent assets	170,017	68,003
Total assets	261,942	282,113
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	7,126	37,431
Accrued payroll	199	967
Accrued interest		4
Due to other funds	703	4,940
Unearned revenue	37	641
Bonds and loans payable	242	698
Capital lease payable		28
Compensated absences	188	900
Claims and judgments		32,066
Total current liabilities	8,495	77,675
Noncurrent liabilities:		
Bonds and loans payable	1,567	4,035
Capital lease payable		214
Compensated absences	272	1,300
Claims and judgments		86,033
Total noncurrent liabilities	1,839	91,582
Total liabilities	10,334	169,257
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	164,845	67,663
Unrestricted net assets	86,763	45,193
Total net assets	\$ 251,608	112,856

Reconciliation between net assets - enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets

Total net assets	\$ 251,608
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	491
Net assets of business-type activities	\$ 252,099

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	\$ 35,738	316,559
Other revenue	18	4,162
Total operating revenues	35,756	320,721
Operating expenses:		
Salaries and employee benefits	6,766	33,526
Repairs and maintenance	7,698	37,622
Equipment rental	930	1,118
Sewage processing	11,119	
Contracted services	4,315	149,065
Depreciation	3,493	16,983
Utilities	245	17,748
Cost of material		1,815
Claims and judgments		30,551
Fuel	9	9,577
Other operating expenses	1,926	25,466
Total operating expenses	36,501	323,471
Operating income (loss)	(745)	(2,750)
Nonoperating revenues (expenses):		
Grants	15,330	5,166
Investment income	1,046	1,573
Interest expense	(115)	(144)
Gain (loss) on disposal of assets		(647)
Total nonoperating revenues (expenses)	16,261	5,948
Income (loss) before capital contributions and transfers	15,516	3,198
Capital contributions		1,213
Transfers in	309	10,737
Transfers out	(654)	(4,727)
Change in net assets	15,171	10,421
Net assets (deficits) at beginning of year	236,437	102,435
Net assets (deficits) at end of year	\$ 251,608	112,856

### Reconciliation between changes in net assets - enterprise funds and changes in net assets of business-type activities as reported in the government-wide statement of activities

Change in net assets	\$ 15,171
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(127)
Change in net assets of business-type activities	\$ 15,044

# STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 29,789	11,502
Cash received from other funds	6,903	309,767
Cash payments to suppliers	(26,704)	(231,270)
Cash payments to employees	(6,724)	(33,736)
Cash payments to other funds	(1,403)	(14,114)
Cash paid for judgments and claims		(20,980)
Net cash provided (used) by operating activities	1,861	21,169
Cash flows from noncapital financing activities:		
Operating grants	7,934	6,432
Transfers from other funds	309	10,737
Transfers to other funds	(654)	(4,727)
Advances to other funds		107
Principal paid on long-term debt		(522)
Interest paid on long-term debt		(129)
Proceeds from loans		1,028
Net cash provided (used) by non-capital financing activities	7,589	12,926
Cash flows from capital and related financing activities:		
Capital contributions		146
Acquisition of capital assets	(13,267)	(14,613)
Proceeds from sale of assets	8	1,453
Principal paid on long-term debt	(229)	
Principal paid on capital lease		(26)
Interest paid on long-term debt	(115)	
Interest paid on capital lease		(14)
Net cash provided (used) by capital and related financing activities	(13,603)	(13,054)
Cash flows from investing activities:		
Investment income	1,174	1,756
Net increase (decrease) in cash and cash equivalents	(2,979)	22,797
Cash and cash equivalents - beginning of year	81,276	156,571
Cash and cash equivalents - end of year	78,297	179,368
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(745)	(2,750)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivables	696	1,899
Decrease (increase) in due from other funds	229	(4,809)
Decrease (increase) in inventory		397
Increase (decrease) in accounts payable	(1,441)	(352)
Increase (decrease) in accrued payroll	31	127
Increase (decrease) in due to other funds	(423)	58
Increase (decrease) in unearned revenue	9	333
Increase (decrease) in compensated absences	12	(288)
Increase (decrease) in claims and judgments		9,571
Depreciation	3,493	16,983
Total adjustments	2,606	23,919
Net cash provided (used) by operating activities	1,861	21,169
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	6,705	3,096
Acquisition of capital leased asset		268
Governmental contributions of capital assets	\$	1,067

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

June 30, 2010 (In Thousands)

	Investment Trust Funds	Agency Funds
<b>ASSETS</b>		
Pooled cash and investments	\$ 2,982,687	351,847
Cash with fiscal agents		1,685
Investments with fiscal agents	156,034	
Receivables:		
Accounts receivable		282
Investment income receivable	6,831	6,645
<b>Total assets</b>	<b>3,145,552</b>	<b>360,459</b>
<b>LIABILITIES</b>		
Accounts payable		23,151
Warrants outstanding		171,207
Accrued payroll		38
Due to other governments		166,063
<b>Total liabilities</b>		<b>360,459</b>
<b>NET ASSETS</b>		
Held in trust for pool participants	2,989,491	
Held in trust for individual investment accounts	156,061	
<b>Total held in trust</b>	<b>\$ 3,145,552</b>	

# STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	Investment Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Contributions to investments	\$ 5,303,460
Total contributions	5,303,460
Investment earnings:	
Net increase (decrease) in fair value of Investments	(1,850)
Investment income	43,905
Total investment earnings	42,055
Total additions	5,345,515
<b>DEDUCTIONS</b>	
Distributions from investments	5,973,768
Total deductions	5,973,768
Change in net assets	(628,253)
Net assets at beginning of year	3,773,805
Net assets at end of year	\$ 3,145,552



<b>NOTE 1</b>	<b>Summary of Significant Accounting Policies .....</b>	<b>47</b>
	<b>The Reporting Entity .....</b>	<b>47</b>
	Blended Component Units.....	47
	Discrete Component Unit .....	48
	<b>Financial Reporting Structure .....</b>	<b>48</b>
	Basic Financial Statements .....	48
	Government-Wide Financial Statements .....	48
	Fund Financial Statements .....	49
	<b>Measurement Focus, Basis of Accounting, and Financial Statement</b>	
	<b>Presentation .....</b>	<b>49</b>
	<b>Assets, Liabilities, and Net Assets or Fund Balance .....</b>	<b>50</b>
	Cash and Investments.....	50
	Receivables and Payables .....	50
	County Leased Property .....	51
	Inventories and Prepaid Items.....	51
	Deferred Charges.....	51
	Capital Assets.....	51
	Deferred and Unearned Revenue.....	51
	Lease Obligations.....	51
	Long-Term Obligations .....	52
	Employees' Compensated Absences .....	52
	General Budget Policies.....	52
	Encumbrances .....	52
	Fund Balance .....	53
	Net Assets .....	53
	Indirect Costs .....	53
	Use of Estimates .....	53
<b>NOTE 2</b>	<b>Reconciliation of Government-Wide and Fund Financial Statements .....</b>	<b>54</b>
	Balance Sheet/Net Assets.....	54
	Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities .....	55
<b>NOTE 3</b>	<b>Deposits and Investments .....</b>	<b>56</b>
	Deposits .....	56
	Investments .....	56
<b>NOTE 4</b>	<b>Restricted Assets .....</b>	<b>60</b>
<b>NOTE 5</b>	<b>Receivables .....</b>	<b>60</b>
<b>NOTE 6</b>	<b>County Property on Lease to Others .....</b>	<b>61</b>
<b>NOTE 7</b>	<b>Capital Assets.....</b>	<b>62</b>
	Changes in Capital Assets .....	62
	Depreciation .....	62
	Capital Commitments .....	63
<b>NOTE 8</b>	<b>Interfund Balances .....</b>	<b>63</b>
<b>NOTE 9</b>	<b>Interfund Transfers .....</b>	<b>64</b>
<b>NOTE 10</b>	<b>Payables.....</b>	<b>64</b>
<b>NOTE 11</b>	<b>Short-Term Obligations .....</b>	<b>64</b>
<b>NOTE 12</b>	<b>Lease Obligations .....</b>	<b>65</b>
	Operating Leases .....	65
	Capital Lease.....	65
<b>NOTE 13</b>	<b>Long-Term Debt .....</b>	<b>65</b>
	Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) .....	65

	Taxable Pension Obligation Bonds (POBs) .....	67
	Tobacco Settlement Asset-Backed Bonds (TSAB) .....	68
	San Diego County Redevelopment Agency (CRA) Revenue Refunding Bonds.....	69
	Loans - Governmental Activities .....	69
	Loans - Business-Type Activities .....	70
	Prior Year Defeasance of Long-Term Debt .....	70
	Arbitrage .....	70
<b>NOTE 14</b>	<b>Changes in Long-Term Liabilities.....</b>	<b>71</b>
<b>NOTE 15</b>	<b>Funds Used to Liquidate Liabilities .....</b>	<b>71</b>
<b>NOTE 16</b>	<b>Reassessment District Improvement Bonds .....</b>	<b>71</b>
<b>NOTE 17</b>	<b>Conduit Debt Obligations .....</b>	<b>72</b>
<b>NOTE 18</b>	<b>Landfill Site Closure and Postclosure Care Costs .....</b>	<b>72</b>
<b>NOTE 19</b>	<b>Fund Balances Reserved For Other Purposes .....</b>	<b>73</b>
<b>NOTE 20</b>	<b>Fund Balances Designated for Subsequent Years' Expenditures.....</b>	<b>73</b>
<b>NOTE 21</b>	<b>Risk Management .....</b>	<b>73</b>
<b>NOTE 22</b>	<b>Contingencies.....</b>	<b>74</b>
	Litigation .....	74
	Unrecorded Leave Benefits .....	74
	Federal and State Programs .....	74
<b>NOTE 23</b>	<b>Joint Ventures .....</b>	<b>74</b>
<b>NOTE 24</b>	<b>Pension and Retiree Health Plans .....</b>	<b>75</b>
	Pension Plan .....	75
	Retiree Health Plan .....	75
	SDCERA Financial Report .....	75
<b>NOTE 25</b>	<b>Fund Deficit.....</b>	<b>76</b>
<b>NOTE 26</b>	<b>Subsequent Events .....</b>	<b>76</b>
	Tax and Revenue Anticipation Notes.....	76
<b>NOTE 27</b>	<b>New Governmental Accounting Standards .....</b>	<b>76</b>
	Implementation Status .....	76
	Under Analysis .....	77

## NOTE 1

### Summary of Significant Accounting Policies

#### The Reporting Entity

The County of San Diego (the “County” or “CoSD”), is a political subdivision of the State of California (the “State”) and as such can exercise the powers specified by the Constitution and laws of the State of California. The County operates under a charter and is governed by an elected five-member Board of Supervisors (the “Board”).

The County provides a full range of general government services including police protection, detention and correction, public assistance, health and sanitation, recreation, library, flood control, public ways and facilities, inactive waste management, airport management and general financial and administrative support.

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered to be financially accountable. The component units discussed below are included in the County’s reporting entity because of the significance of their operational and financial relationships with the County. As required by generally accepted accounting principles in the United States of America (GAAP), the financial statements present the financial position of the County and its component units (entities for which the County is considered to be financially responsible).

Blended component units, although legally separate entities are, in substance, part of the County’s operations and data from these component units are combined with the data from the primary government.

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

#### Blended Component Units

The blended component units listed below are agencies and special districts whose governing board is the County Board of Supervisors. These component units are fiscally dependent on the County and as such financial actions including the setting of rates, issuance of debt and the adoption of the annual budget remain with the County.

**Air Pollution Control District (APCD)** - The APCD was established to protect the people and the environment from the harmful effects of air pollution. Air quality is continuously monitored throughout the San Diego Air Basin, and programs are developed to bring about the emission reductions necessary to achieve clean air. The District issues permits to limit air pollution, ensures that air pollution control laws are followed, and administers funding that is used to reduce regional mobile source emissions. APCD is reported as a *special revenue fund*.

**County of San Diego In-Home Supportive Services Public Authority (IHSSPA)** - The IHSSPA was established to assist eligible low-income elderly and persons with disabilities in San Diego County to live high quality lives in their own homes. The IHSSPA program is mandated by the State. As the employer of record, IHSSPA recruits, screens, and trains home care workers who are available to assist eligible consumers in their own homes. IHSSPA is reported as a *special revenue fund*.

**County Service Area Districts (CSAD)**- The CSADs were established to provide authorized services such as road, park, fire protection and ambulance to specific areas in the County. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. The CSADs are reported as *special revenue funds*.

**Flood Control District (FCD)**- The FCD was established to provide flood control in the County’s unincorporated area. It is financed primarily by ad valorem property taxes and charges to property owners. The FCD is reported as a *special revenue fund*.

**Lighting Maintenance District (LMD)** - The LMD was established to provide street and road lighting services to specified areas of the County. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners. The LMD is reported as a *special revenue fund*.

**San Diego County Housing Authority (SDCHA)** - The SDCHA was established to provide decent housing in a suitable environment for individuals who cannot afford standard private housing. Contracts with the U.S. Department of Housing and Urban Development provide the major funding sources. SDCHA is reported as a *special revenue fund*.

**San Diego County Redevelopment Agency (SDCRA)** - SDCRA was established to provide a method of eliminating slums and blighted areas, improving housing, expanding employment opportunities, and providing an environment for the social, economic and psychological growth, and well-being of all citizens of the County. SDCRA financial activities are reported in a *special revenue fund* and a *debt service fund*.

**Sanitation Districts (SD)** - The SDs were established to construct, operate and maintain reliable and sustainable sanitary sewer systems. Revenue sources include charges to property owners and grants. The SDs are reported as *enterprise funds*.

Blended component units governed by boards other than the CoSD Board of Supervisors are listed below. These component units are, in substance, part of the County’s operations due to their relationship with the County and the nature of their operations. Specifically, the CoSD Board appoints either all or a majority of their board members and the services they provide solely benefit the County.

**San Diego County Capital Asset Leasing Corporation (SANCAL)** - SANCAL was established to finance the acquisition of County buildings and equipment. It is a nonprofit corporation governed by a five-member Board of Directors, which is appointed by the CoSD Board. SANCAL financial activities are reported in a *debt service fund*.

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

*San Diego County Tobacco Asset Securitization Corporation (SDCTASC)* - The SDCTASC was created under the California Nonprofit Public Benefit Corporation Law and was established to purchase tobacco settlement payments allocated to the County from the State of California, pursuant to a Tobacco Master Settlement Agreement.

SDCTASC is governed by a Board of Directors consisting of three members, two of which are employees of the County and one independent director who is not an employee of the County. The SDCTASC is reported as a *special revenue fund*.

*San Diego Regional Building Authority (SDRBA)* - The SDRBA was established under the Mark-Roos Local Bond Pooling Act of 1985 and authorized to issue bonds for the purpose of acquiring and constructing public capital improvements and to lease them to its members, the County and the San Diego Metropolitan Transit Development board (MTDB). The services provided by the SDRBA to the MTDB are insignificant.

The SDRBA is governed by a Commission consisting of three members, two of which are County Supervisors appointed by the County Board of Supervisors and concurrently serve on the Board of Directors of the San Diego Trolley, Inc and the Board of Directors of MTDB. The third Commissioner is a member of MTDB and is appointed by the MTDB Board. The SDRBA's financial activities are reported in a *debt service fund* and a *capital projects fund*.

*The Tobacco Securitization Joint Powers Authority of Southern California (TSJPA)* - The TSJPA was created by a joint exercise of powers agreement between the County and the County of Sacramento pursuant to Government Code Sections 6500 et seq. The TSJPA's purpose is to finance a loan to the San Diego County Tobacco Asset Securitization Corporation (the Corporation) via the sale of tobacco asset backed bonds. The TSJPA in turn uses the loan proceeds to purchase the County's future tobacco settlement revenues under a purchase and sale agreement. The TSJPA is administered by a Board of Directors consisting of three members, two members who are appointed by the CoSD Board and the third member is appointed by the Sacramento County Board of Supervisors. The TSJPA's is reported as a *special revenue fund*.

Separately issued financial reports of the County's blended component units can be obtained from the County Auditor and Controller's Office located at 1600 Pacific Highway, Room 166, San Diego, California 92101.

### Discrete Component Unit

The *First 5 Commission of San Diego (Commission)* was established by the Board as a separate legal entity under the authority of the California Children and Families First Act and Sections 130100 et seq. of the Health and Safety Code. It administers the County's share of tobacco taxes levied by the State for the purpose of implementing early childhood development programs. The County appoints all of the Commission's board and can remove appointed members at will.

The Commission is discretely presented because its Board is not substantively the same as the County's and it does not provide services entirely or almost entirely to the County. A separately issued financial report can be obtained by writing to The First 5 Commission, 1495 Pacific Highway, Suite 201, (MS-A211), San Diego, CA, 92101-6466.

## Financial Reporting Structure

### Basic Financial Statements

The basic financial statements include both government-wide financial statements and fund financial statements. The reporting model, based on GASB Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*," focuses on the County as a whole in the government-wide financial statements and major individual funds in the fund financial statements.

### Government-Wide Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) display information about the County as a whole and the change in aggregate financial position resulting from the activities of the fiscal period, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the County (including its blended component units) as well as its discretely presented component unit. In the statement of net assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis, which incorporates capital assets as well as long-term debt and obligations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. The statement of activities presents function revenue and expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of activities, internal service funds' revenue and expenses related to interfund services have been eliminated. Revenue and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities,

health and sanitation, public assistance, education, and recreation and cultural activities. The business type activities of the County include airport, sanitation, and wastewater management.

The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

### Fund Financial Statements

The fund financial statements are presented after the government-wide financial statements. They display information about major funds individually and in the aggregate for governmental and proprietary funds. In governmental and fiduciary funds, assets and liabilities are presented in order of relative liquidity. In proprietary funds, assets and liabilities are presented in a classified format that distinguishes between all current and noncurrent assets and liabilities. Current assets in the classified format are those considered available to generate or use cash within twelve months of the end of the fiscal period. Examples include cash, various receivables and short-term investments. All other assets are considered noncurrent. Current liabilities are obligations to be paid within the next fiscal year. Examples include payables and the current portion of long-term liabilities.

Major individual governmental funds are reported as separate columns in the fund financial statements and are presented on a current financial resources and modified accrual basis of accounting. Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund. Revenues are primarily derived from taxes; licenses, permits and franchises; fines, forfeitures and penalties; use of money and property; intergovernmental revenues; charges for services; and other revenues. Expenditures are expended for functions of general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural activities. Expenditures also include capital outlay and debt service.

The *Public Safety Special Revenue Fund* accounts for Proposition 172 half-cent sales taxes collected and apportioned to the County by the State Board of Equalization to fund public safety activities. Per Government Code Section 30052, a "maintenance of effort" (pre-Proposition 172 public safety funding level) must be maintained by the County to comply with the statute's spending

requirements. In accordance with the Code, funds are allocated to the Sheriff, District Attorney and Probation departments. Transfers out of this fund subsidize the following types of public safety activities: juvenile detention services; facilities maintenance and support; capital projects, equipment and other one-time expenditures; on-going technology initiatives; and various region-wide services.

The *Tobacco Endowment Special Revenue Fund* accounts for tobacco settlement payments allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories.

The County reports the following additional funds and fund types:

*Enterprise Funds* account for airport, sanitation district and wastewater management activities, including operations and maintenance, sewage collection and treatment services.

*Internal Service Funds* account for the financing of public works and communications equipment; the financing of materials and supplies (purchasing); start up services for new and existing county service districts; the County's public liability and employee benefits activities; the financing of fleet services; facilities management activities; the financing of information technology services; and the financing of clothing and personal sundry items for persons institutionalized at various county facilities. Goods or services provided by servicing County departments are paid for on a cost reimbursement basis by receiving departments.

The following fiduciary funds account for resources that are held by the County as a trustee or agent for outside parties and cannot be used to support the County's programs.

*Agency Funds* are custodial in nature, do not involve measurement of results of operations and account for assets held by the County as an agent for various local governments, organizations and individuals. Included are funds for child support payments; payroll taxes; public administrator and public guardian accounts; and apportioned taxes for other local governments.

*Investment Trust Funds* account for two types of investment activities on behalf of external entities and include: the portion of the County Treasurer's investment pool applicable to external entities (Pool Investments- Investment Trust Fund); and the total amount of individual investment accounts held on behalf of external entities by the Treasurer (Specific Investments - Investment Trust Fund). In general, external entities include school districts, independent special districts and various other governments. The Specific Investments - Investment Trust Fund accounts for individual external entities investments which are offered as an alternative to a pooled position.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental Funds* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are susceptible to accrual when measurable and available. Sales taxes, investment income, state and federal grants, and charges for services are accrued when their receipt occurs within 180 days following the end of the fiscal year. Property taxes are accrued if they are collectible within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. General capital assets acquisitions and general principal payments are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

*Proprietary Funds* distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

For government-wide (governmental and business-type activities) and proprietary fund activities, the County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to apply the FASB standards issued subsequent to November 30, 1989 for business-type activities and proprietary funds. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental users.

When both *restricted and unrestricted resources* are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

## Assets, Liabilities, and Net Assets or Fund Balance

### Cash and Investments

The County's cash and cash equivalents for cash flow reporting purposes are considered to be cash on hand, demand deposits, restricted cash, and investments held in the County's Pool.

The Pool is available for use by all funds. Each fund type's portion of the Pool is displayed on the statements of net assets/balance sheets as "pooled cash and investments." The share of each fund's pooled cash and investments account is separately accounted for and interest earned, net of related expenses, is apportioned quarterly based on the fund's average daily balance in proportion to the total pooled cash and investments. In accordance with Government Code Section 53647, apportionments applicable to certain agency funds accrue to the benefit of the General Fund.

Investments are stated at fair value. The fair value of investments is determined monthly and is based on quoted market prices.

### Receivables and Payables

The major receivables for governmental and business-type activities are taxes, due from other governmental agencies and loans. All property taxes and accounts receivable are shown net of an allowance for uncollectibles (\$8.379 million and \$3.477 million, respectively). Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent interfund receivables between funds are reported as a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable financial resources.

Secured property taxes are levied based upon the assessed valuation as of the previous January 1st, (lien date) and the tax levy is recorded on July 1st (levy date). They are payable in two equal installments due on November 1st and February 1st and are considered delinquent with ten percent penalties after December 10th and April 10th, respectively. An additional penalty of one and one-half percent per month begins to accrue on July 1st and November 1st on delinquent secured property taxes. Unsecured property taxes are due as of the January 1st lien date and become delinquent, with 10 percent penalties, after August 31st. An additional penalty of one and one-half percent per month begins to accrue on October 31st on delinquent unsecured property taxes.

Governmental funds' property tax revenues are recognized in the fiscal year for which they are levied, provided they are due within the fiscal year and collected within 60 days after the fiscal year end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year end, and are

collected within 60 days after the fiscal year end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule.

### County Leased Property

The County and its blended component units lease real property to the private sector and other governmental agencies. Capitalized lease receivables are shown as restricted assets on the government-wide statement of net assets - governmental activities and governmental funds balance sheets. Revenue from non-cancelable and cancelable capital and operating leases is reported in the applicable government-wide statement of activities - governmental activities, governmental funds statements of revenues, expenditures, and changes in fund balances and proprietary funds, statements of revenues, expenses, and changes in fund net assets, as applicable.

### Inventories and Prepaid Items

Inventories include both inventories on hand for sale and consumable inventories. Inventories are valued at average cost. They are accounted for as expenditures at the time of purchase and reported in governmental funds as an asset with an offsetting reserve. Proprietary fund types are carried at average cost and are expended when consumed. Prepaid items reflect payments for costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reserved.

### Deferred Charges

Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. In the government-wide financial statements, deferred charges are reported as assets in the governmental activities.

### Capital Assets

Capital assets are of a long-term character and include: land, buildings and improvements, construction in progress, equipment, infrastructure, software and easements.

Infrastructure assets include roads, bridges and sewers.

Capital assets are recorded at *historical cost* if purchased or constructed. Donated capital assets are recorded at *estimated fair value* at the date of donation. Capital assets with original unit costs equal to or greater than the *capitalization thresholds* shown in **Table 1** are reported in the applicable *governmental* or *business-type activities* columns in the government-wide financial statements.

**Table 1**

#### Capitalization Thresholds

Land	\$	0
Buildings and improvements		50
Infrastructure		25-50
Equipment		5
Software		50-100
Easements		50

Depreciation is charged over the capital assets' estimated useful lives using the straight-line method for proprietary and governmental fund types. Governmental fund type depreciation is only shown in the statement of activities. Proprietary fund type depreciation is shown both in the fund statements and the statement of activities. Estimated useful lives are shown in **Table 2**.

**Table 2**

#### Estimated Useful Lives

Buildings and improvements	10-50 years
Infrastructure	10-50 years
Equipment	5-20 years
Software	3-10 years

### Deferred and Unearned Revenue

Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue can be found in government-wide financial reporting as well as in governmental fund, proprietary fund, and fiduciary fund financial statements.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual, it must be both measurable and available to finance expenditures of the current fiscal period. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue. This type of deferred revenue is unique to governmental funds, since it is tied to the modified accrual basis of accounting, which is used only in connection with governmental funds.

### Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the government-wide and proprietary funds financial statements, capital lease obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net assets.

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

### Long-Term Obligations

Long-term liabilities reported in the statement of net assets include the amount due in one year (current) and the amount due in more than one year (noncurrent).

General long-term liabilities consist of the noncurrent portion of claims and judgments, compensated absences, landfill closure and post closure and other noncurrent liabilities. General long-term liabilities are not reported as liabilities in governmental funds but are reported in the governmental activities column in the government-wide statement of net assets. General long-term debt is not limited to liabilities arising from debt issuances but may also include noncurrent liabilities on other commitments that are not current liabilities properly recorded in governmental funds.

Debt may be issued at par (face) value, with a premium (applicable to debt issued in excess of face value) or at a discount (applicable to debt issued at amounts less than the face value). Occasionally, the County also refunds some of its existing debt. When this occurs, the difference between the funds required to retire (reacquisition price of) the refunded debt and the net carrying amount of refunded debt results in a deferred amount on refunding.

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Deferred issuance costs are reported as deferred charges and amortized over the term of the debt.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the debt issued and premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds (CABs) issued by the County represent bonds that are issued at a deep discount, pay no current interest but accrete or compound in value from the date of issuance to the date of maturity. CABs are presented at their maturity value less the unaccreted appreciation. Unaccreted appreciation represents the difference between the maturity value of the debt and their par (face) value. The unaccreted appreciation is accreted as interest over the life of the CABs.

### Employees' Compensated Absences

The County's policy is to permit employees to accumulate *earned* but *unused* vacation, compensatory time, holiday and sick leave benefits. Each of these benefits is subject to certain limits based on employee class, except for sick leave and compensatory time that is subject to Fair Labor Standards Act (FLSA) rules or the California Labor Code. All vacation pay and a certain portion of compensatory and sick pay for specified employee classes is accrued in the government-wide and proprietary funds financial

statements. Except for specified employee classes, there is no liability for *unpaid accumulated* sick leave since the County does not cash out unused sick leave when employees separate from service with the County. However, employees eligible for retirement benefits that meet minimum balance requirements may apply unused sick leave toward determining their length of service for the purpose of calculating retirement benefits.

Accumulated leave benefits including vacation, sick leave, and compensatory time worked are recorded in the government-wide statement of net assets. Amounts recorded as accumulated leave benefits include the employer's share of Social Security and Medicare taxes. These amounts would not be expected to be liquidated from expendable available financial resources, but would be expected to be liquidated in future years as employees elect to use these benefits as prescribed by Civil Service rules and regulations.

County employees in the unclassified service and certain employees hired prior to 1979 may receive up to 50% and 25%, respectively, of the cash value of all or a portion of their sick leave balances upon termination or retirement. The cash value of these benefits is included in the accumulated leave benefits noted above. This liability has been recorded in the current and long-term portion of compensated absences in the appropriate proprietary funds and government-wide statement of net assets.

California Labor Code Section 4850 entitles safety officers who meet certain criteria to receive full salary in lieu of temporary disability payments for the period of disability, not exceeding 365 days, or until such earlier date as he or she is retired on permanent disability pension. This liability is accrued in the current and long-term portion of compensated absences.

All County employees who have completed at least five years of continuous service in the County retirement system, and have a sick leave balance of at least one hundred hours, may convert, at retirement, all or a portion of their sick leave balance to retirement service credits on a hour-for-hour basis. The conversion of these balances to retirement service credits is included in the County's actuarial accrued liability, as part of the annual actuarial valuation which includes assumptions regarding employee terminations, retirement, death, etc.

### General Budget Policies

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). Please refer to the notes to required supplementary information for more details regarding the County's general budget policies.

### Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used in the governmental funds. Encumbrances outstanding at year

end are reported as designations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year or years.

### **Fund Balance**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. As the County does not employ the use of a specified time at the beginning of a given budget period during which encumbrances outstanding at the end of the prior budget period may be liquidated using the prior year's budgetary authority (lapse period) for encumbrance liquidation, encumbered amounts that are reappropriated as part of the following year's budget, including contract contingencies encumbered on a project basis, are presented as unreserved fund balance designated for encumbrances.

Fund balance reserve and designated fund balances for governmental funds are classified to reserved, unreserved/designated or unreserved/undesignated. Reserved fund balances are (a) funds legally segregated for a specific use or (b) assets that, by their nature, are not available for expenditure. Unreserved fund balances reflect the balances available for appropriation for general purposes. Designations reflect self-imposed limitations on the use of available current financial resources.

### **Net Assets**

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation reduced by the outstanding principal of capital related debt (adjusted by any unamortized premiums, discounts, deferred amounts on refundings, and unspent proceeds related to debt), incurred by the County to buy or construct capital assets shown in the statement of net assets. Capital assets cannot readily be sold and converted to cash.

The County reports net assets as restricted when constraints placed on net assets are externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Unrestricted net assets consist of net assets that do not meet the definition of invested in capital assets, net of related debt or restricted net assets.

### **Indirect Costs**

County indirect costs are allocated to benefiting departments and are included in the program expense reported for individual functions and activities. Cost allocations are based on the annual *County-wide Cost Allocation Plan* which is prepared in accordance with Federal Office of Management and Budget Circular A-87.

### **Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates made in preparing the financial statements are described in the applicable notes.

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

## NOTE 2

### Reconciliation of Government-Wide and Fund Financial Statements

#### Balance Sheet/Net Assets

Explanations of certain differences between the governmental funds balance sheet and the government-wide statement of net assets are detailed below:

Table 3	
Governmental Fund Balance Sheet / Government-Wide Statement of Net Assets Reconciliation	
At June 30, 2010	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this (\$1,990,073) difference are as follows:	
Bonds, notes and loans payable	
Certificates of participation and lease revenue bonds	\$ (422,260)
Taxable pension obligation bonds	(874,336)
Tobacco settlement asset-backed bonds	(574,157)
San Diego County Redevelopment Agency revenue refunding bonds	(14,640)
Loans - non-internal service funds	(2,671)
Subtotal	(1,888,064)
Add: Unamortized issuance premiums	(15,499)
Less: Unamortized issuance discounts (to be amortized as interest expense)	16,126
Less:	
Beginning balance - Unamortized deferred amounts on refundings	18,037
Add: Remaining unamortized cost of issuance on refunded debt	1,773
Add: Remaining unamortized discount on refunded debt	1,729
Add: Deferred amount on refunding attributable to reacquisition price of new debt in excess of outstanding debt refunded	805
Less: Amortization of deferred amount on refunding (as shown on <b>Table 4</b> )	(5,842)
Ending balance - Unamortized deferred amounts on refundings (to be amortized as interest expense)	16,502
Arbitrage	(455)
Compensated absences (excluding Internal Service Funds)	(97,766)
Landfill closure and postclosure - San Marcos landfill	(20,917)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (1,990,073)</u>
Internal Service Funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets. The details of this \$112,365 difference are as follows:	
Net assets of the internal service funds	\$ 112,856
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(618)
Add: Internal payable representing charges in excess of cost to business-type activities - current year	127
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 112,365</u>

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

### Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities

Explanations of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities are detailed below:

Table 4	
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities Reconciliation	
For the Year Ended June 30, 2010	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$103,872 difference are as follows:	
Capital outlay	\$ 205,512
Depreciation expense	(101,640)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$ 103,872
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. The details of this \$(68,690) difference are as follows:	
The proceeds from the sale of capital assets provide current financial resources but have no effect on net assets	\$ (365)
The loss on the disposal of capital assets does not affect current financial resources but decreases net assets	(89,945)
Donations of assets to the County do not provide current financial resources but resources increase net assets	21,620
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$ (68,690)
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$182,133 difference are as follows:	
Debt issued or incurred:	
Refunding bonds issued	\$ (80,940)
Plus: Premiums	(7,803)
Less: Issuance costs	739
Payment to escrow agent/refunded bond	83,173
Payment to refunded bond escrow agent	15,377
Principal repayments	169,059
Accreted interest paid	2,466
Arbitrage	62
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$ 182,133
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$(14,032) difference are as follows:	
Compensated absences	\$ 1,071
Accrued interest	731
Accretion of capital appreciation bonds	(8,058)
Amortization of premiums	1,001
Amortization of discounts	(1,120)
Amortization of deferred amounts on refundings	(5,842)
Amortization of issuance costs	(1,815)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$ (14,032)
Internal Service Funds. The net revenue of certain activities of internal service funds is reported with governmental activities. The details of this \$10,548 difference are as follows:	
Change in net assets of the internal service funds	\$ 10,421
Add: Gain from charges to business activities	127
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$ 10,548

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

### NOTE 3

#### Deposits and Investments

The Treasurer is responsible for authorizing all County bank accounts and pursuant to Government Code Sections 27000.1 - 27000.5, 27130 - 27137, and 53600 - 53686 is responsible for conducting County investment activities of the County's investment pool (the Pool) as well as various individual investment accounts outside of the Pool. Additionally, the Treasurer has oversight responsibilities for investments with fiscal agents.

The Pool is a County sponsored "external investment pool" wherein moneys of the County and other legally separate external entities, which are not part of the County Reporting Entity, are commingled (pooled) and invested on the participants' behalf.

Pursuant to Sections 27130-27137 of the California Government Code, the Board of Supervisors has established the Treasurer's Oversight Committee ("TOC") that monitors and reviews the Investment Policy. The TOC consists of members appointed from the districts or offices that they represent, and up to five members of the public, having expertise in, or an academic background in public finance. This Committee requires a financial audit to be conducted annually on a fiscal year basis, which includes limited tests of compliance with laws and regulations. The Investment Pool is not registered with the Securities and Exchange Commission ("SEC") as an investment company. The Investment Pool does not have any legally binding guarantees of share values.

A separately issued annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 162, San Diego, California, 92101 and can also be accessed at <http://www.sdtreastax.com>.

Total pooled cash and investments totaled \$5,194,763 consisting of: \$5,175,446 investments in the County pool; \$16,741 million in demand deposits; \$2.044 million of collections in transit; and, \$532 thousand in imprest cash.

#### Deposits

Government Code Section 53652 et. seq. and the Treasurer's Pool Investment Policy (Pool Policy) prescribe the amount of collateral that is required to secure the deposit of public funds.

Federal Depository Insurance (FDIC) is available for funds deposited at any one financial institution up to a maximum of \$250,000 for demand deposits, time and savings deposits. The aforementioned Government Code and Pool Policy require that depositories collateralize public funds with securities having a market value of at least 10% in excess of the total amount of the deposits. These securities shall be placed in the institution's pooled collateral account and monitored by the State Treasurer of California or a mutually agreed upon third party custodian bank.

#### Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized.

The Investment Pool does not have a formal policy regarding sweep (deposit) accounts, but the practice is to utilize national or state chartered banks where the excess over FDIC insurance is invested in repurchase agreements that are collateralized by U.S. Treasury and Federal Agency securities equal to or greater than 102% of the deposit amount in accordance with California Government Code.

California Government Code Section 53652 et. seq. requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. At June 30, 2010, the County's deposits were not exposed to custodial credit risk as these deposits were either covered by FDIC insurance or collateralized with securities held by a named agent depository as noted below:

a. Cash in banks is defined as short-term, highly liquid deposits with an original maturity of three months or less. At year-end, the carrying amount of the Investment Pool's deposits was \$16,741, and the bank balance at June 30, 2010 was \$14,290, consisting of demand deposits with various financial institutions. The difference between the carrying amount and the bank balance includes temporary reconciling items such as cash on hand, outstanding checks, and deposits in transit. Of the bank balance, \$350 thousand was covered by federal deposit insurance and \$13,940 was collateralized with securities held by a named agent depository on behalf of the Investment Pool as required by California Government Code Section 53656. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

b. The carrying amount of demand deposits with Fiscal Agents (outside of the Pool) was \$1.999 million and the bank balance per various financial institutions was \$2.272 million. Of the total bank balance, \$410 thousand was covered by federal deposit insurance and \$1.862 million was collateralized by a named agent depository.

#### Investments

Government Code Section 53601 governs the types of investments that may be purchased and makes certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality and timing to minimize the risk of loss.

Permitted types of investments and financial instruments include: U.S. treasuries, Federal agencies, and local agency obligations; banker's acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; medium-term notes; collateralized certificates of

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

deposit; money market mutual funds; mortgage pass-through securities; mortgage backed securities; and mortgage collateralized securities.

Investments in the Investment Pool are stated at fair value. Securities, which are traded on a national exchange, are valued at the last reported sales price at current exchange rates. The fair value of investments is determined monthly and is provided by the custodian bank. Repurchase agreements and Institutional money market funds are carried at portfolio book value (carrying cost). All purchases of investments are accounted for on a trade-date basis. Unrealized gains or losses of securities are determined by taking the difference between amortized cost and the fair value of investments. Realized gains and losses on investments that were held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

In addition to the above, the Board annually adopts a Pooled Money Fund Investment Policy. This policy is based on the criteria in Government Code Section 53601 but adds further specificity and restrictions to permitted investments.

No policies have been established for investments with fiscal agents, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements.

In conjunction with the discussion below concerning investment risks, please refer to **Tables 7** and **8** respectively, which provide details on pooled investments and those held with fiscal agents at fiscal year-end. Additionally, **Table 9** provides a comparison of Investment Pool policy restrictions with Government Code Section 53601 requirements.

### Interest Rate Risk - Investments

This is the risk that changes in interest rates will adversely affect the fair value of an investment.

Declines in the fair value of investments are managed by limiting the length of the maturity of securities. In general, the maximum maturity allowed is five years unless the Board has granted express authority either specifically or as part of an investment program. The policy related to the maturity structure of the Investment Pool requires at least 25 percent of securities to mature within 90 days, at least 50 percent of securities to mature within one year, and no more than 50 percent of securities to mature within one to five years. In addition, the Investment Pool limits the maximum effective duration of the portfolio to 18 months. As of June 30, 2010, the Investment Pool was in full compliance with its own more restrictive Investment Policy, and therefore was also in compliance with California Government Code. Actual weighted average days to maturity by investment type is presented in **Table 7**.

Generally, investments with fiscal agents are structured in such a way that securities mature at the times and in the amounts that are necessary to meet scheduled expenditures and withdrawals.

### Credit Risk - Investments

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations.

The Pooled Money Fund Investment Policy and the California Government Code set minimum credit ratings for each type of security. Asset allocations with respect to the credit quality are based on Standard and Poor's Fund Credit Quality Rating Matrix as noted below:

Table 5		
S & P Investment Rating		
Investment Pool		
Rating	Min. Fund%	Max. Fund %
AAA	67	100
AA	0	33
A	0	13
Investments with Fiscal Agents		
Short-term	A-1	
Long-term	A	

### Concentration of Credit Risk - Investments

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Investment Policy limits the amount of exposure to any one single issuer to the percentages listed in **Table 9**. As noted in **Table 9**, the Pooled Money Fund Investment Policy is more restrictive, in most cases, than the California Government Code. As of June 30, 2010, all Pool investments were in compliance with State law and with the Investment Policy.

The County Investment Pool's investment in the securities of the Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) are issued by agencies that remain under conservatorship by the Director of the Federal Housing Finance Agency. The U.S. government does not guarantee, directly or indirectly, the securities of the FHLMC, Federal Home Loan Bank (FHLB), or FNMA. The County Investment Pool's investments in FHLMC, FHLB, and FNMA securities as of June 30, 2010 comprised 17.82%, 19.27%, and 17.40% of the total County Investment Pool's investments, respectively.

No general policies have been established to limit the amount of exposure to any one single issuer, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements. Instruments in any one issuer that represent 5% or more of the County investments with fiscal agents by individual major fund or nonmajor funds in the aggregate at June 30, 2010 are shown in **Table 6**.

# Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

**Table 6**

## Concentration of Credit Risk - Investment With Fiscal Agents

Issuer	Tobacco Endowment Fund	Percent	Nonmajor Governmental Funds	Percent
BlackRock MuniFund	\$ 50,970	12	\$	
Allied Irish Bank			34,140	30
Federal farm credit bank			20,282	18
Federal national mortgage association			14,970	13
Federated treasury obligation			14,063	12
Federal home loan bank			10,117	9
Federal home loan mortgage corporation			10,194	9

## Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of outside party.

The investment policy does not permit investments in uninsured and unregistered securities not held by the County. The County of San Diego utilizes third party delivery versus payment custodian which mitigates any custodial credit risk. Securities purchased by the County Investment Pool are held by a third-party custodian, the Bank of New York Mellon Corporation, in their trust department to mitigate custodial credit risk.

## Foreign Currency Risk - Investments

This is the risk that investments are exposed to foreign currency risk.

The County's investments do not have any foreign currency risk as all investments are in U.S. dollar-denominated assets.

**Table 7**

## Pooled Investments At June 30, 2010

	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
US government agencies:						
Federal home loan mortgage corporation notes	\$ 922,160	0.20% - 6.00%	07/10 - 04/15	630	AAA	17.82%
Federal home loan bank notes	997,386	0.11% - 6.63%	07/10 - 05/14	509	AAA	19.27%
Federal national mortgage association notes	900,417	0.13% - 5.00%	07/10 - 11/14	823	AAA	17.40%
Federal farm credit bank notes	125,676	1.99% - 5.05%	07/10 - 05/14	738	AAA	2.43%
US treasury notes	287,990	0.88% - 4.88%	09/10 - 08/14	785	AAA	5.56%
US treasury bills	104,974	0.11% - 0.31%	07/10 - 09/10	54	AAA	2.03%
Commercial paper	905,922	0.10% - 0.37%	07/10 - 10/10	23	A-1/A-1+	17.50%
Corporate medium-term notes	51,599	4.25% - 5.88%	09/10 - 03/12	372	AA+	1.00%
Repurchase agreements collateralized by:						
Money market securities	175,000	0.16%	07/10	1	N/A	3.38%
Government securities	2,251	0.10%	07/10	1	N/A	0.04%
Money market mutual funds	137,210	0.02% - 0.06%	08/10	32	AAA	2.65%
Certificates of deposit	529,791	0.15% - 1.20%	07/10 - 12/10	25	N/A	10.24%
Bond funds	35,070	0.64%	07/11	391	AA	0.68%
Total investments	\$ 5,175,446			429		100.00%

# Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

**Table 8**

## Investments with Fiscal Agents At June 30, 2010

	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
<b>County investments with fiscal agents</b>						
Unrestricted:						
Federal farm credit bank notes	\$ 20,282	2.45%	5/14	1413	AAA	3.88%
Federal home loan bank notes	10,117	2.00%	4/13	1020	AAA	1.94%
Federal home loan mortgage corp notes	10,194	4.50%	12/10	169	AAA	1.95%
Fixed income tax exempt bonds	21,852	0% - 5.75%	9/10 - 7/14	762	A	4.18%
Fixed income tax exempt bonds	12,986	0% - 5.25%	7/11 - 4/35	3820	A+	2.49%
Fixed income tax exempt bonds	79,577	5% - 6.50%	11/10 - 8/15	764	AA	15.23%
Fixed income tax exempt bonds	25,001	5.50% - 5.63%	10/10 - 5/12	312	AA-	4.78%
Fixed income tax exempt bonds	61,641	3.5% - 5.5%	7/10 - 1/15	648	AA+	11.80%
Fixed income tax exempt bonds	136,703	0% - 8.95%	7/10 - 1/14	770	AAA	26.16%
Fixed income tax exempt bonds	8,280	5.25% - 5.75%	6/12 - 7/14	1287	BBB	1.58%
Fixed income tax exempt bonds	11,018	5.50% - 8.25%	7/11 - 6/28	2548	NA	2.11%
MuniFunds	50,970	0.15%	7/10 - 8/10	33	AAA	9.76%
<b>Subtotal</b>	<b>448,621</b>					
Restricted:						
Federal home loan bank notes	1,719	1.63% - 3.5%	7/10 - 1/11	41	AAA	0.33%
Federal home loan bank step-up	832	5.00%	7/10	17	AAA	0.16%
Federal home loan mortgage corp. disc. notes	1,987	0.00%	1/11	188	AAA	0.38%
Federal home loan mortgage corp. strip	564	0.00%	7/10 - 7/11	189	NR/NA	0.11%
Federal national mortgage assn. notes	14,970	2.75% - 4.63%	2/14 - 10/14	1397	AAA	2.87%
Federal national mortgage assn. step-up	268	5.00%	7/10	28	AAA	0.05%
Federal nat'l mortgage assn. strip	2,851	0.00%	1/11 - 7/11	316	NA	0.55%
Money market funds	50,163	0.00% - 0.02%	7/10 - 8/10	25-58	AAA/A-1+	9.60%
Certificates of deposit	490	0.15% - 0.25%	8/10 - 9/10	77	AAA	0.09%
<b>Subtotal</b>	<b>73,844</b>					
<b>Total County investments with fiscal agents</b>	<b>522,465</b>					<b>100.00%</b>
<b>External specific investments:</b>						
Federal farm credit bank notes	3,322	1.85% - 2.45%	9/12 - 5/14	1002	AAA	2.13%
Federal home loan bank notes	367	4.88%	6/12	709	AAA	0.24%
Federal home loan mortgage corp. notes	505	4.75%	9/10	84	AAA	0.32%
Guaranteed investment contracts	151,327	5.07%	9/10	92	NA	96.99%
Medium term notes	506	4.87	10/10	113	AA+	0.32%
Money market funds	7	0.17%	7/10 - 8/10	35	AAA	0.00%
<b>Total external specific investments</b>	<b>156,034</b>					<b>100.00%</b>
<b>Total investments with fiscal agents</b>	<b>\$ 678,499</b>					

# Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

**Table 9**

## Investment Pool Policy Restrictions versus California Government Code Section 53601 Requirements

Investment Type	Maximum Maturity		Maximum % of Portfolio		Maximum %with One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
US Treasury obligations	5 years	5 years	None	None	None	None	None	None
Agency obligations	5 years	5 years	None	None	None	25%	None	None
Local agency obligations	5 years	5 years	None	15%	None	10%	None	A
Bankers' acceptances	180 days	180 days	40%	40%	30%	5%	None	A-1
Commercial paper (1)	270 days	270 days	40%	40%	10%	5%	A	A
Certificates of deposit	5 years	5 years	30%	30%	30%	5%	None	A
Repurchase agreements	1 year	1 year	None	40%	None	(2)	None	None
Reverse repurchase agreements	92 days	92 days	20%	20%	None	10%	None	None
Corporate medium-term notes	5 years	5 years	30%	30%	30%	5%	A	A
Money market mutual funds	N/A	N/A	20%	15%	10%	10%	AAAf	AAAf
Bond funds	N/A	N/A	None	2.5%	None	2.5%	None	None
Pass-through securities (3)	5 years	5 years	20%	20%	None	5%	A/AA	A/AA

(1) Government code Section 53635 (a) (1-2) specifies percentage limitations for this security type for county investment pools.

(2) Maximum exposure per issue - The maximum exposure to a single Repurchase Agreement (RP) issue shall be 10% of the portfolio value for RP's with maturities greater than 5 days, and 15% of the portfolio for RP's maturing in 5 days or less.

(3) Rating of "A" required for issuer, if rated; and rating of "AA" required for issue.

## NOTE 4

### Restricted Assets

Restricted assets include monies or other resources required to be set aside to repay principal and interest under Debt covenants; and to comply with other legal or contractual requirements. For fiscal year 2010 restricted assets were as follows:

**Table 10**

### Restricted Assets

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	\$ 146	\$ 8,454
Nonmajor Governmental Funds		
Housing Authority Special Revenue Fund	732	
Tobacco Securitization Joint Special Revenue Fund		47,038
Pension Obligations Bonds Debt Service Fund		22
Redevelopment Agency Debt Service Fund		1,155
San Diego Regional Building Authority Debt Service Fund		28,811
SANCAL Debt Service Fund		5,121

## NOTE 5

### Receivables

Details of receivables reported in the government-wide Statement of Net Assets are presented in **Table 11**. Amounts that are not expected to be collected within the next fiscal year are identified below:

Due from Other Governmental Agencies - Governmental activities - \$50.686 million.

This amount represents Senate Bill (SB) 90 cost reimbursements due the County for the provision of State mandated programs and services mostly for fiscal years prior to 2004. The State Constitution requires reimbursement for these costs and interest will accrue on the reimbursement claims until they are paid according to Government Code Section 17617 over a period not more than 15 years beginning in fiscal year 2007. The State began to reimburse the County for these programs and services in fiscal year 2007, but has not budgeted appropriations in the current year.

Loans - Governmental activities- \$63.5 million

This amount includes: \$35.153 million in housing rehabilitation loan programs for low-income or special need residents, loans for low income housing downpayments, and redevelopment agencies; and \$28.347 million in community development block grant loans.

Loans- Business-type activities- \$3.886 million

This amount represents Airport Enterprise Fund (AEF) loans to Airport lessees for the purchase of AEF reversionary interests in leasehold improvements existing at the expiration of previous leases.

# Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

**Table 11**

## Receivables

### Primary Government and Discretely Presented Component Unit

At June 30, 2010

	Accounts	Investment Income	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
<b>Governmental activities:</b>								
General Fund	\$ 5,266	2,819	328,693	5,592	76	342,446	(3,477)	338,969
Public Safety Special Revenue Fund			33,423			33,423		33,423
Tobacco Endowment Fund		5,032				5,032		5,032
Other Governmental Funds	28,484	1,309	37,462	57,908	478	125,641		125,641
Internal Service Funds	426	313	1,291		25	2,055		2,055
Total governmental activities	\$ 34,176	9,473	400,869	63,500	579	508,597	(3,477)	505,120
<b>Business-type activities:</b>								
Enterprise Funds	\$ 274	158	9,044	3,886		13,362		13,362
<b>Component Unit:</b>								
First 5 Commission	\$	963	5,667			6,630		6,630

## NOTE 6

### County Property on Lease to Others

The County's blended component unit - SDRBA has a direct financing capital lease with the San Miguel Consolidated Fire Protection District (District) for two District fire stations. Additionally, the County has a sublease of a share of the Metropolitan Transit System (MTS) Towers. The share of the County's property under the MTS Towers' sub lease is an estimated \$12.74 million in structures and improvements with accumulated depreciation of \$5.47 million at June 30, 2010. The lease revenue received by the SDRBA and the County for the year ended June 30, 2010 was approximately \$888 thousand and \$843 thousand, respectively.

The County also has noncancelable operating leases for certain properties which are not material to the County's governmental operations. Additionally, the Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires. The Airport Enterprise Fund's property under operating leases includes an estimated \$2.47 million in land at June 30, 2010.

Lease revenue from noncancelable operating leases for the year ended June 30, 2010 was approximately \$15.8 million. Future minimum lease payments to be received under the capital leases and noncancelable operating leases are noted in **Table 12**.

**Table 12**

## Lease Revenue

### County Property Leased To Others

Fiscal Year	Capital Leases	Operating Leases
2011	\$ 1,755	\$ 15,466
2012	1,723	14,932
2013	1,742	14,639
2014	1,729	14,164
2015	1,738	10,952
2016-2020	8,665	46,060
2021-2025		39,059
2026-2030		37,200
2031-2035		30,344
2036-2040		18,437
2041-2045		11,030
2046-2050		8,165
2051-2055		6,605
2056-2060		2,471
2061-2065		2,311
Total	\$ 17,352	\$ 271,835

# Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

## NOTE 7

### Capital Assets

#### Changes in Capital Assets

Increases and decreases in the County's capital assets for governmental and business-type activities during the fiscal year were as follows:

Table 13				
Capital Assets - Governmental Activities				
	Beginning Balance at July 1, 2009	Increases	Decreases	Ending Balance at June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 307,417	30,208	(15,540)	\$ 322,085
Easements		4,581		4,581
Construction in progress	233,620	129,779	(126,963)	236,436
Total capital assets, not being depreciated	541,037	164,568	(142,503)	563,102
Capital assets, being depreciated:				
Buildings and improvements	1,186,056	100,434	(138,528)	1,147,962
Software (1)	55,480	19,353		74,833
Equipment	246,517	18,679	(23,991)	241,205
Road infrastructure	2,356,840	60,706		2,417,546
Bridge infrastructure	51,380	9,401		60,781
Total capital assets, being depreciated	3,896,273	208,573	(162,519)	3,942,327
Less accumulated depreciation for:				
Buildings and improvements	(369,521)	(23,706)	64,860	(328,367)
Software (1)	(55,480)	(6,349)		(61,829)
Equipment	(128,998)	(22,355)	20,792	(130,561)
Road infrastructure	(933,896)	(65,227)		(999,123)
Bridge infrastructure	(15,610)	(986)		(16,596)
Total accumulated depreciation	(1,503,505)	(118,623)	85,652	(1,536,476)
Total capital assets, being depreciated, net	2,392,768	89,950	(76,867)	2,405,851
Governmental activities capital assets, net	\$ 2,933,805	254,518	(219,370)	\$ 2,968,953

(1) In 2009, this amount was reported as Equipment.

Table 14				
Capital Assets - Business-type Activities				
	Beginning Balance at July 1, 2009	Increases	Decreases	Ending Balance at June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 11,338	227		\$ 11,565
Construction in progress	63,580	19,971	(62,365)	21,186
Total capital assets, not being depreciated	74,918	20,198	(62,365)	32,751
Capital assets, being depreciated:				
Buildings and improvements	59,547	43,327		102,874
Equipment	1,331		(24)	1,307
Road infrastructure	335	6,027		6,362
Sewer infrastructure	72,848	12,784		85,632
Total capital assets, being depreciated	134,061	62,138	(24)	196,175
Less accumulated depreciation for:				
Buildings and improvements	(25,323)	(2,021)		(27,344)
Equipment	(1,104)	(37)	16	(1,125)
Road infrastructure	(19)	(8)		(27)
Sewer infrastructure	(32,349)	(1,427)		(33,776)
Total accumulated depreciation	(58,795)	(3,493)	16	(62,272)
Total capital assets, being depreciated, net	75,266	58,645	(8)	133,903
Business-type activities capital assets, net	\$ 150,184	78,843	(62,373)	\$ 166,654

### Depreciation

Depreciation expense was charged to governmental activities and business-type activities as shown below.

Table 15	
Depreciation Expense - Governmental Activities	
General government	\$ 3,055
Public protection	22,931
Public ways and facilities	65,503
Health and sanitation	5,403
Public assistance	1,228
Education	761
Recreation and cultural	2,759
Internal Service Funds	16,983
Total	\$ 118,623

Table 16	
Depreciation Expense - Business-type Activities	
Airport Fund	\$ 2,008
Sanitation Districts Fund	1,468
Wastewater Management Fund	17
Total	\$ 3,493

## Capital Commitments

At June 30, 2010, major contracts entered into for structures and improvements and other commitments within governmental and business-type activities were as follows:

Table 17	
Capital Commitments At June 30, 2010	
	Remaining Commitments
Governmental Activities	
Other Governmental Funds:	
Upgrade of Oracle Enterprise Resources	\$ 27,050
Construction of County Operations Center	20,833
Construction of South Santa Fe Ave.	15,284
Construction of Ramona Branch Library	5,058
Construction of Jamacha Blvd.	4,506
Construction of Valley Center Road Bridge Over San Luis Rey River	4,065
Construction of Fallbrook Branch Library	2,890
Construction of Sweetwater Summit Campground Expansion	2,464
Construction of Olive Vista Dr.	2,002
Acquisition of Del Dios Highland Preserve	1,150
Acquisition of Software AG License Agreement	1,091
Subtotal	86,393
Business-type Activities	
Enterprise Funds:	
Construction of McClellan Palomar Airport Runway	1,011
Subtotal	1,011
Total	\$ 87,404

## NOTE 8

### Interfund Balances

Interfund balances at fiscal year-end consisted of the following amounts:

Table 18								
Interfund Balances At June 30, 2010								
		Due From						Total
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
Due To	General Fund	\$	46,939	3,314	14,171	48	2,910	\$ 67,382
	Nonmajor Governmental		9,374		1,431	348	818	11,971
	Nonmajor Enterprise		30		3,370	229		3,629
	Internal Service		27,484		2,661	78	1,212	31,435
	Total	\$	36,888	46,939	3,314	21,633	703	4,940 \$ 114,417

Descriptions of amounts not due to be repaid in the subsequent year are discussed below:

a. \$1.111 million is due to the General Fund from the Redevelopment Agency Special Revenue Fund (Upper San Diego River Project) as a result of a loan to provide funding for Project improvements. \$1.018 million of this balance is not scheduled to be collected in the subsequent year.

b. \$3.363 million is due from the Redevelopment Agency Special Revenue Fund to the Airport Enterprise Fund as a result of a loan to fund airport projects. Loans repayments are based on the condition that the collection of property tax revenue per Health and Safety Code Section 33670 is sufficient to allow the payment of the loan. \$3.363 million of the balance is not scheduled to be collected in the subsequent year.

# Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

c. \$147 thousand is due to the Special District Loans Fund from the County Service District Fund as a result of a loan to improve and maintain County roads. Loan repayments are made from property tax collections. \$98 thousand of the balance is not scheduled to be collected in the subsequent year.

All remaining balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

## NOTE 9

### Interfund Transfers

Interfund transfers at fiscal year-end consisted of the following amounts:

Table 19								
Transfers In/Transfers Out At June 30, 2010								
TRANSFERS IN	TRANSFERS OUT							
	General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total	
	General Fund	\$ 188,226	24,200	12,979		634	\$ 226,039	
	Nonmajor Governmental	212,221		9,011	654	4,093	225,979	
	Nonmajor Enterprise	309					309	
	Internal Service	10,512		225			10,737	
	Total	\$ 223,042	188,226	24,200	22,215	654	4,727	\$ 463,064

In general, transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance programs accounted for in other funds in accordance with budgetary authorizations.

## NOTE 10

### Payables

The County's payables at fiscal year-end are shown below for the General Fund, other governmental funds, internal service funds, business-type activities funds, and the discrete component unit:

Table 20				
Payables At June 30, 2010				
	Vendors	Due to Other Government Agencies	Other	Total Payables
Governmental Activities:				
General Fund	\$ 74,857	16,139	5,018	\$ 96,014
Other Governmental Funds	35,613	2,893	1,010	39,516
Internal Service Funds	36,345	1,086		37,431
Total governmental activities	\$ 146,815	20,118	6,028	\$ 172,961
Business-type activities:				
Enterprise Funds	\$ 7,126			\$ 7,126
Component Unit:				
First 5 Commission	\$ 9,005	8,299	102	\$ 17,406

## NOTE 11

### Short-Term Obligations

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds in the General Fund. These notes are necessary to fund the County's annual cash flow needs. The majority of property tax collections are received in December and April.

Short-term debt activity for the fiscal year was as follows:

Table 21				
Short-Term Obligations				
	Beginning Balance at July 1, 2009	Issued	Redeemed	Ending Balance at June 30, 2010
Tax and revenue anticipation notes	\$	220,000	220,000	\$

## NOTE 12

### Lease Obligations

#### Operating Leases

##### Real Property

The County has obligations under long-term operating lease agreements through fiscal year 2022 (**Table 22**). The County is the lessee under the terms of several non-cancelable operating leases for real property used to house certain County operations. The total rental expense for all real property leases for the year ended June 30, 2010 was approximately \$30.98 million, including \$18.8 million for non-cancelable leases.

The future minimum lease payments for these non-cancelable leases are as follows:

Table 22		
Lease Commitments - Real Property		
Fiscal Year		Minimum Lease Payments
2011	\$	20,595
2012		18,066
2013		12,061
2014		8,918
2015		5,007
2016-20		8,676
2021-22		3,014
Total	\$	76,337

##### Personal Property

The County has also entered into operating leases for personal property, a large portion of which represents duplicating and heavy duty construction equipment. Many of these leases are subject to annual adjustment based upon negotiations. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. Total rental expense for these operating leases for the year ended June 30, 2010, was approximately \$2.7 million.

#### Capital Lease

##### Minimum Lease Payments

Equipment has been leased from the Bowe Bell and Howell Company. The present value of the minimum lease obligation has been capitalized in the Facilities Management internal service fund statement of net assets and in the government-wide statement of net assets; and is reflected as a liability in those statements. The County assumes responsibility for all maintenance and repair of the equipment under the terms of the lease agreement. Future minimum lease payments under this capital lease are as follows:

Table 23		
Capital Leases - Future Minimum Lease Payments		
Fiscal Year		Amount
2011	\$	40
2012		40
2013		40
2014		40
2015		40
2016-2018		95
Total minimum lease payments		295
Less: Amount representing interest		(53)
Net lease payments	\$	242

##### Book Value

The book value of capital lease property consists of the following:

Table 24			
Capital Leases - Book Value			
At June 30, 2010			
Capital Lease Property	Original Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 310	80	230
Total	\$ 310	80	230

The amortization of this capital leased asset was \$80 thousand in fiscal year 2010 and is included in the Internal Service Funds depreciation of \$16.983 million in **Table 15**.

## NOTE 13

### Long-Term Debt

#### Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs)

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COPs and LRBs is secured by a lease structure where the borrowing entity, such as the County or the San Miguel Consolidated Fire Protection District (SMCFPD) (not a component unit of the County), leases certain properties to another entity, a lessor, which in turn leases the properties back to the County or the SMCFPD. These lessors are the San Diego Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA); both blended component units of the County. (See discussion of Blended Component Units under Note 1 "Summary of Significant Accounting Policies".)

COPs and LRBs are secured by: a) (lease) base rental payments, for the use of certain facilities or equipment and b) encumbrances on the facilities. The leased premises are typically facilities or equipment purchased with proceeds of the COPs or LRBs. In the case of the County, the base rental payments are made primarily from the County General Fund to the SANCAL or SDRBA; in the case of the SDRBA's financing for the SMCFPD, base rental payments are made from SMCFPD to the SDRBA. Under lease

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

terms, the County and the SMCPSD are required to make the necessary annual appropriations for lease payments, except to the extent those payments are eligible to be abated in accordance with the terms of the leases.

COPs and LRBs evidence a pro rata share in a specific pledged revenue stream of lease payments, and investors in the certificates or bonds are entitled to receive a share in these lease payments from a particular project. Lease payments are passed through the lessor to the investors. The lessor assigns the lease and lease payments to a trustee, which distributes the lease payments to the investors.

In October 2009, the San Diego County Capital Asset Leasing Corporation issued \$80.940 million of fixed rate serial certificates of participation titled, Justice Facilities Refunding (Certificates). These certificates have maturity dates beginning October 1, 2010 with a final maturity of October 1, 2025. Each maturity date carries a different fixed interest rate beginning in April 2010 at a fixed rate of 2 percent with fixed rates ranging to 5 percent.

These Certificates were issued with a premium of \$7.803 million. The \$88.743 million in proceeds of the Certificates along with \$18.077 million of funds held by the 1997 Central Jail Refunding and 1998 Downtown Courthouse Refunding trustee (trustee) were distributed as follows: 1) \$98.550 million (consisting of \$83.173 million of new Certificate proceeds plus \$15.377 million of funds held by the trustee) was transferred to an escrow agent to advance refund the entire \$55.475 million 1997 Central Jail Refunding Certificates of Participation (Jail COPs) and \$42.270 million 1998 Downtown Courthouse Refunding Certificates of Participation (Courthouse COPs) outstanding, respectively, and to pay future interest payments; 2) \$1.010 million was used to pay interest on the refunded Jail COPs and Courthouse COPs due on the closing date at the time of the refunding; 3) \$4.818 million to fund a Certificate reserve fund; 4) \$752 thousand was set aside to pay certain costs of issuance; 5) \$1.595 million was transferred to the Base Rental Payment Fund and was used to fund the April 2010 Certificate interest payment; and, 6) \$95 thousand of existing funds were set aside to be used for various ongoing debt related costs.

The \$98.550 million transfer referred to above was placed in an irrevocable trust with an escrow agent to provide for the payment of the remaining principal and interest due on the Jail COPs and Courthouse COPs along with a 0.01 percent premium attributable to the Courthouse COPs. As a result, the Jail COPs and Courthouse COPs are considered legally defeased and the liability for those certificates has been removed from the government-wide statement of net assets governmental activities' liabilities due within one year and due in more than one year. This advance refunding will result in reducing the County's principal and interest payments by \$11.232 million over the next 17 years to obtain an economic gain of \$8.742 million (i.e. difference between the present values of the debt service payments on the refunded debt and the refunding debt). The interest on the Certificates is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes.

Details of COPs and LRBs outstanding at June 30, 2010 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2010
1993 Master Refunding COP	\$ 203,400	2.50 - 5.625%	2013	\$ 14,800
2001 Metropolitan Transit System Towers Refunding COP	36,960	2.15 - 5.25%	2020	24,075
2002 Motorola COP	26,060	2.00 - 5.00%	2011	3,320
2003 San Miguel Consolidated Fire Protection District Refunding LRB	10,005	2.00 - 5.00%	2020	7,020
2005 Edgemoor Project COP	83,510	3.00 - 5.00%	2030	76,680
2005 Regional Communications System Refunding COP	28,885	3.00 - 5.00%	2019	15,730
2005 North & East Justice Facilities Refunding COP	28,210	3.25 - 5.00%	2020	21,695
2006 Edgemoor Completion Project COP	42,390	4.00 - 5.00%	2030	41,115
2009 Series A COC and Annex Project LRB	136,885	3.00 - 5.50%	2036	136,885
2009 Justice Facilities Refunding of 1998 Courthouse COP	32,640	2.00 - 5.00%	2023	32,640
2009 Justice Facilities Refunding of 1997 Central Jail COP	48,300	2.00 - 5.00%	2026	48,300
<b>Total</b>	<b>\$ 677,245</b>			<b>\$ 422,260</b>

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

Annual debt service requirements to maturity for COPs and LRBs are as follows:

Table 26				
Certificates of Participation and Lease Revenue Bonds - Debt Service Requirements to Maturity				
Fiscal Year	Principal	Interest	Total	
2011	\$ 27,305	19,209	\$	46,514
2012	23,745	18,226		41,971
2013	24,745	17,207		41,952
2014	19,525	16,355		35,880
2015	18,825	15,535		34,360
2016-2020	104,520	63,683		168,203
2021-2025	79,995	41,749		121,744
2026-2030	74,065	23,065		97,130
2031-2035	40,160	8,322		48,482
2036	9,375	294		9,669
Subtotal	\$ 422,260	223,645	\$	645,905
Add:				
Arbitrage	455			
Unamortized issuance premium	15,499			
Less:				
Unamortized deferred amounts on refundings	(5,454)			
Total	\$ 432,760			

### Taxable Pension Obligation Bonds (POBs)

POBs are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the San Diego County Employees Retirement Association's (SDCERA) pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis.

In July 2009, the County redeemed, in full, \$100 million Series 2008B Variable Rate Demand Obligations (the "Series 2008B Obligations") issued in two subseries consisting of \$50 million Series 2008B-1 Variable Rate Demand Obligations and \$50 million Series 2008B-2 Variable Rate Demand Obligations.

The sources of funds used to redeem the Series 2008B Obligations were as follows: 1) \$63.9 million internal loan granted from the General Fund to the Pension Obligation fund which will be repaid to the General Fund via charges to County departments made possible by a reduction in the required retirement system contribution rates for fiscal years 2010 and 2011; 2) \$24.1 million contribution from the General Fund to the Pension Obligation Bond Debt Service Fund; and, 3) \$12 million from Pension Obligation Debt Service Fund monies on hand.

The redemption of the \$100 million Series 2008B Obligations is anticipated to result in approximately \$4.5 million of annual debt service savings.

Details of POBs outstanding at June 30, 2010 are as follows:

Table 27				
Taxable Pension Obligation Bonds				
Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2010
2002 Series A	\$ 132,215	3.88 - 4.95%	2016	\$ 102,215
2004 Series A	241,360	3.28 - 5.86%	2023	212,870
2004 Series B1-2	147,825	5.91%	2025	147,825
2004 Series C CABs	64,928	4.66 - 5.76%	2016	88,445
2004 Series C Unaccreted Interest CABs				(11,954)
2008 Series A	343,515	3.33 - 6.03%	2027	334,935
Total	\$ 929,843			\$ 874,336

Annual debt service requirements to maturity for POBs are shown below in **Table 28**.

Table 28				
Taxable Pension Obligation Bonds - Debt Service Requirements to Maturity				
Fiscal Year	Principal	Unaccreted Appreciation	Interest	Total
2011	\$ 36,590	3,591	44,446	\$ 84,627
2012	33,176	3,053	43,391	79,620
2013	33,215	2,386	42,313	77,914
2014	33,042	1,575	41,233	75,850
2015	38,240	1,202	39,556	78,998
2016-2020	226,575	147	165,967	392,689
2021-2025	315,670		84,312	399,982
2026-2028	140,370		4,986	145,356
Subtotal	\$ 856,878	11,954	466,204	\$ 1,335,036
<b>Add:</b>				
Accreted appreciation through June 30, 2010	\$ 23,288			
<b>Less:</b>				
Accreted appreciation paid through fiscal year 2010	(2,467)			
<b>Less:</b>				
Accreted appreciation to be paid in fiscal year 2011	(3,363)			
Subtotal	874,336			
<b>Less:</b>				
Unamortized deferred amounts on refundings	(1,796)			
Total	\$ 872,540			

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

### Tobacco Settlement Asset-Backed Bonds (TSAB)

TSAB are issued by the Tobacco Securitization Joint Powers Authority of Southern California (Authority) to securitize future revenue streams available to the County pursuant to the agreements described below.

A 1998 Master Settlement Agreement (MSA) was originally entered into by the four major cigarette manufacturers, 46 states and six other U.S. jurisdictions (the "Settling States") to provide state governments (including California) with compensation for smoking related medical costs and to help reduce smoking in the United States. There is no limit to the yearly settlement payments, they are perpetual. Also, a Memorandum of Understanding (the "MOU") and a supplemental agreement (the "ARIMOU") was agreed to by the State of California and all California counties and four California cities, granting those California municipalities the right to receive tobacco settlement allocation payments (also known as Tobacco Settlement Revenues - TSRs).

In fiscal year 2002, the Authority issued \$446.86 million 2001 Tobacco Settlement Asset-Backed Bonds (Bonds), to fund the Authority's loan to the San Diego Tobacco Asset Securitization Corporation (Corporation), pursuant to a loan agreement between the Authority and the Corporation. (Both entities are blended component units of the County). According to the loan agreement, the Corporation has pledged, assigned and granted to the Authority, a first priority perfected security interest in all rights, title and interest of the Corporation, to the TSRs the Corporation purchased from the County, and future TSRs. The Corporation used the net proceeds of the loan, \$411.913 million, to pay the County, in exchange for the County's transfer to the Corporation of all the County's rights, title and interest in the TSRs. Net proceeds have been placed in an endowment fund to fund healthcare-based programs pursuant to Board Policy E-14 and IRS regulations.

In May 2006, the Authority issued Series 2006 TSAB in the amount of \$583.631 million to refund the outstanding principal of the original 2001 bonds, noted above and to loan an additional \$123.515 million to the Corporation. The Series 2006 Bonds are limited obligations of the Authority, maturing in fiscal year 2035-36. The proceeds were placed into the endowment fund for the aforementioned purposes.

Under the terms of bond indentures, TSRs are pledged to the repayment of the bonds. Accordingly, the bonds are payable solely from certain funds held under the indenture, including payments of TSRs, and earnings on such funds (collections).

Details of TSAB outstanding at June 30, 2010 are as follows:

**Table 29**

#### Tobacco Settlement Asset-Backed Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2010
Series 2006A Senior Current Interest Bonds	\$ 534,610	4.75 - 5.125%	2016-2030	\$ 510,145
Series 2006B CABs	19,770	6.25%	2032	93,711
2006B unaccreted appreciation CABs				(68,287)
Series 2006C CABs	8,686	6.40%	2033	46,268
2006C unaccreted appreciation CABs				(35,032)
Series 2006D CABs	20,565	7.10%	2036	150,768
2006D unaccreted appreciation CABs				(123,416)
<b>Total</b>	<b>\$ 583,631</b>			<b>\$ 574,157</b>

Annual debt service requirements to maturity for TSAB are as follows:

**Table 30**

#### Tobacco Settlement Asset-Backed Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Unaccreted Appreciation	Interest	Total
2011	\$ 11,275	4,321	25,540	\$ 41,136
2012	10,770	4,613	25,006	40,389
2013	11,690	4,926	24,491	41,107
2014	12,645	5,260	23,932	41,837
2015	13,635	5,617	23,327	42,579
2016-2020	94,070	34,343	105,169	233,582
2021-2025	142,650	47,697	76,656	267,003
2026-2030	200,210	66,270	34,649	301,129
2031-2035	58,460	51,802	620	110,882
2036	3,761	1,886		5,647
<b>Subtotal</b>	<b>\$ 559,166</b>	<b>226,735</b>	<b>339,390</b>	<b>\$ 1,125,291</b>
<b>Add:</b>				
Accreted appreciation through June 30, 2010	14,991			
<b>Subtotal</b>	<b>574,157</b>			
<b>Less:</b>				
Unamortized issuance discount	(16,088)			
Unamortized deferred amounts on refundings	(9,252)			
<b>Total</b>	<b>\$ 548,817</b>			

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

TSAB pledged revenue for the year ended June 30, 2010 was as follows:

Table 31				
Tobacco Settlement Asset-Backed Bonds - Pledged Revenues				
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2010	
			Debt Principal & Interest Paid	Pledged Revenue Received
Series 2006 Tobacco Settlement Asset-Backed Bonds	2036	\$ 1,140,284	\$ 30,298	\$ 28,352

### San Diego County Redevelopment Agency (CRA) Revenue Refunding Bonds

In December 2005, the San Diego County Redevelopment Agency (CRA) issued \$16 million Revenue Refunding Bonds Series 2005A that mature in fiscal year 2032-33. The CRA has pledged property tax increment revenues generated within the Gillespie Field Project Area to pay for the bonds. Gillespie Field Airport revenues may also be used to fund debt service payments if there are insufficient property tax increment revenues to cover a particular fiscal year's debt service requirement. Bonds are also payable from funds held under the indenture, including earnings on such funds.

CRA revenue refunding bonds outstanding at June 30, 2010 were the following:

Table 32				
CRA Revenue Refunding Bonds				
Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2010
Revenue Refunding Bonds Series 2005A	\$ 16,000	3.65 - 5.75%	2033	\$ 14,640
Total	\$ 16,000			\$ 14,640

Annual debt service requirements to maturity for CRA bonds are as follows:

Table 33				
CRA Revenue Refunding Bonds - Debt Service Requirements to Maturity				
Fiscal Year	Principal	Interest	Total	
2011	\$ 360	782	\$	1,142
2012	375	766		1,141
2013	395	748		1,143
2014	415	728		1,143
2015	430	708		1,138
2016-2020	2,510	3,179		5,689
2021-2025	3,230	2,427		5,657
2026-2030	4,230	1,390		5,620
2031-2033	2,695	212		2,907
Total	\$ 14,640	10,940	\$	25,580
Less:				
Unamortized issuance discount	(38)			
Total	\$ 14,602			

CRA pledged revenue for the year ended June 30, 2010 was as follows:

Table 34				
CRA Revenue Refunding Bonds - Pledged Revenues				
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2010	
			Debt Principal & Interest Paid	Pledged Revenue Received
Series 2005A Revenue Refunding Bonds	2033	\$ 25,579	\$ 1,143	\$ 793

### Loans - Governmental Activities

Loans for various governmental activities included a United States Department of Agriculture Farmers Home Administration loan for the construction of low income housing; and California Energy Commission loans to fund various projects in County facilities to increase energy efficiency.

As of June 30, 2010, the County has borrowed \$1.91 million from the California Energy Commission (CEC Loan 3) from an existing authorized loan amount of \$3 million. The loan amount of \$1.91 million, in addition to future loan proceeds representing costs incurred before the completion of the project on June 30, 2010, have been used to fund multiple energy efficient projects in County facilities. Semi-annual interest and principal payments will be made in twenty equal installments at a fixed interest rate of 4.50% with the first loan repayment commencing on December 22, 2010 and every June 22 and December 22 thereafter.

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

Details of loans outstanding at June 30, 2010 for governmental activities are as follows:

Table 35				
Loans - Governmental Activities				
Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2010
Loans - non internal service funds (ISF)				
Firebird Manor	\$ 4,486	1.00%	2028	\$ 2,671
Total loans - non-ISF	4,486			2,671
Loans - ISF				
California Energy Comm Loan 1 (Facilities ISF)	1,977	4.00%	2015	970
California Energy Comm Loan 2 (Facilities ISF)	3,001	3.95%	2016	1,853
California Energy Comm Loan 3 (Facilities ISF)	1,910	4.50%	2020	1,910
Total loans - ISF	6,888			4,733
Total	\$ 11,374			\$ 7,404

Annual debt service requirements to maturity for loans - governmental activities are as follows:

Table 36			
Loans - Governmental Activities			
Debt Service Requirements to Maturity			
Fiscal Year	Principal	Interest	Total
2011	\$ 836	217	\$ 1,053
2012	866	187	1,053
2013	898	155	1,053
2014	930	123	1,053
2015	845	89	934
2016-2020	1,800	218	2,018
2021-2025	776	46	822
2026-2028	453	9	462
Total	\$ 7,404	1,044	\$ 8,448

### Loans - Business-Type Activities

Loans for business-type activities included California Department of Transportation loans for the construction of a sewer line and the installation of a control tower at the Ramona Airport.

Details of loans outstanding at June 30, 2010 for business-type activities are as follows:

Table 37				
Loans - Business-type Activities				
Loan	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2010
2001 Airport Development Loan - Ramona Sewer Line	\$ 2,388	5.63%	2017	\$ 1,205
2001 Airport Development Loan - Ramona Control Tower	1,196	5.63%	2017	604
Total	\$ 3,584			\$ 1,809

Annual debt service requirements to maturity for loans - business-type activities are as follows:

Table 38			
Loans - Business-type Activities			
Debt Service Requirements to Maturity			
Fiscal Year	Principal	Interest	Total
2011	\$ 242	102	\$ 344
2012	254	88	342
2013	267	74	341
2014	279	59	338
2015	292	43	335
2016-2017	475	36	511
Total	\$ 1,809	402	\$ 2,211

### Prior Year Defeasance of Long-Term Debt

In prior years, the County defeased TSAB by placing the proceeds of the original issue plus additional County contributions in an irrevocable trust to provide for all future debt service payments on the old obligation. Accordingly, the trust account assets and the liability for the defeased obligation are not included in the County's financial statements. At June 30, 2010, \$415.5 million of bonds were legally defeased and remain outstanding.

### Arbitrage

In compliance with the Tax Reform Act of 1986 and subsequent U.S. Treasury Regulations, the County performed arbitrage rebate calculations via a third party to determine probable amounts due to the Federal government. At June 30, 2010, a \$455 estimate of probable arbitrage rebate liability has been included in the statement of net assets.

## NOTE 14

### Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2010 were as follows:

**Table 39**

#### Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2009	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2010	Amounts Due Within One Year
<b>Governmental Activities:</b>						
COPs, bonds & loans						
Certificates of participation and Lease Revenue Bonds	\$ 469,970	80,940	(128,650)		422,260	\$ 27,305
Taxable pension obligation bonds	1,005,955		(135,630)	4,011	874,336	36,590
Tobacco settlement asset-backed bonds	574,610		(4,500)	4,047	574,157	11,275
CRA revenue refunding bonds	14,985		(345)		14,640	360
Loans - non-internal service funds	2,816		(145)		2,671	138
Loans - internal service funds (ISF)	4,227	1,028	(522)		4,733	698
Arbitrage	517		(62)		455	
Unamortized issuance premiums	8,697	7,803	(1,001)		15,499	1,156
Unamortized issuance discounts	(18,975)		2,849		(16,126)	(1,071)
Unamortized deferred amounts on refundings	(18,037)	(4,307)	5,842		(16,502)	(5,370)
<b>Total COPs, bonds &amp; loans</b>	<b>2,044,765</b>	<b>85,464</b>	<b>(262,164)</b>	<b>8,058</b>	<b>1,876,123</b>	<b>71,081</b>
Other long-term liabilities:						
Capital Leases - ISF	\$ 268		(26)		242	\$ 28
Claims and judgments - ISF	108,528	30,551	(20,980)		118,099	32,066
Compensated absences -non-ISF	98,837	66,411	(67,482)		97,766	38,483
Compensated absences - ISF	2,488	1,608	(1,896)		2,200	900
Landfill closure and postclosure	21,293	442	(818)		20,917	778
<b>Total Other long-term liabilities</b>	<b>231,146</b>	<b>99,280</b>	<b>(91,202)</b>		<b>239,224</b>	<b>72,255</b>
<b>Total Governmental Activities</b>	<b>\$ 2,275,911</b>	<b>184,744</b>	<b>(353,366)</b>	<b>8,058</b>	<b>2,115,347</b>	<b>\$ 143,336</b>
<b>Business-type activities:</b>						
Loans	\$ 2,038		(229)		1,809	\$ 242
Compensated absences	448	354	(342)		460	188
<b>Total Business-type Activities</b>	<b>\$ 2,486</b>	<b>354</b>	<b>(571)</b>		<b>2,269</b>	<b>\$ 430</b>

## NOTE 15

### Funds Used to Liquidate Liabilities

The following funds presented in **Table 40** below have typically been used to liquidate other long-term obligations in prior years:

**Table 40**

#### Liquidated Liabilities

Liability	Fund(s) Used to Liquidate in Prior Years
Claims & Judgments	Internal Service Funds - Employee Benefits Fund and Public Liability Insurance Fund
Compensated Absences	General Fund; Special Revenue Funds - County Library, Road, and Air Pollution; Internal Service Funds - Facilities Management, Fleet Services and Purchasing; and, Enterprise Funds - Airport and Wastewater Management.
Landfill Closure and Postclosure	General Fund

## NOTE 16

### Reassessment District Improvement Bonds

In July of 1991, the County issued \$28.804 million of 4-S Ranch bonds to finance the acquisition and construction of various public improvements required for the development of land located in north San Diego County west of Interstate 15 and the community of Rancho Bernardo. In July of 1997 the 4-S Ranch bonds were refunded. The County Treasurer-Tax Collector acts as an agent for property owners and bondholders in collecting and forwarding special assessment monies. The County is not obligated to pay for any special assessment bonds. Special assessment debt is solely the obligation of various separate governmental agencies. The County has covenanted to initiate judicial foreclosure in the event of a delinquency in the payment of reassessments. The amount of the 4-S Ranch special assessment debt outstanding for which the County is a fiduciary is \$5.655 million at June 30, 2010.

## NOTE 17

### Conduit Debt Obligations

From time to time, the County has issued tax-exempt conduit debt under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California on behalf of qualified borrowers to provide financial assistance for projects deemed to be of public interest.

Conduit debt consisted of the following: a) fourteen certificates of participation (COPs) for the acquisition, construction, capital improvement and equipping of various facilities and b) four mortgage revenue bonds for the construction and permanent financing of multi-family residential rental projects located in the County to be partially occupied by persons of low or moderate incomes. Conduit debt is secured by the property that is financed and is payable from the respective COPs' base rentals; and underlying payments on mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the private-sector entity served by the debt issuance.

The County is not obligated in any manner for repayment of this debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

As of June 30, 2010, the aggregate conduit debt principal amount outstanding was \$341,037 million.

## NOTE 18

### Landfill Site Closure and Postclosure Care Costs

State laws and regulations require the placement of final covers on all landfill sites that stopped accepting solid waste after October 9, 1991 and the performance of certain maintenance and monitoring functions at these sites for a minimum of 30 years after closure. Closure and postclosure care costs are paid near or after the date a landfill stops accepting waste. The San Marcos Landfill is the sole waste disposal site owned by the County that is subject to these regulations. It was operational and accepted solid waste from 1979 until March 11, 1997. Formal closure of this landfill spanned from July 2004 through March 2007. Post closure maintenance began in April 2007.

The projected landfill closure and postclosure care liability at June 30, 2010 for the San Marcos Landfill was \$20.917 million. This estimated amount is based on what it would cost to perform all closure and postclosure care in calendar year 2010 dollars and is subject to change as a result of such factors including but not limited to: inflation; deflation; advancements in technology; and amendments to laws and regulations.

In addition to the above, state regulations require that landfill closure and postclosure maintenance costs be fully funded at the time of closure, unless a landfill owner/operator can demonstrate financial responsibility towards these activities by using other approved financial assurance alternatives. A pledge of revenue is one of various alternatives allowed to fund estimated postclosure

costs. Under this alternative, the Board of Supervisors, on February 3, 1998, approved Minute Order No. 5 "Postclosure Maintenance Funding for the San Marcos Landfill", wherein the County entered into a pledge of revenue agreement with the California Integrated Waste Management Board (CIWMB). Pursuant to Resolution No. 98-24, adopted under Minute Order No. 5, the Board directed that the amount of pledged revenue shall be equal to \$790 thousand per year for the 30 year period of postclosure maintenance commencing upon completion of the final closure of the San Marcos Landfill. The pledged amount is a promise of existing funds rather than future revenues and may increase or decrease to match any adjustment to identified cost estimates that are mutually agreed to by the County and the CIWMB.

As of June 30, 2010, \$24.793 million has been spent on closure costs, including revegetation costs. Prior to final closure in 2007, the County agreed to vegetate the surrounding areas of the landfill. These costs are projected to continue through 2011. Also, \$927 thousand of the net assets of the government-wide statement of net assets has been restricted for remaining closure costs of the San Marcos Landfill.

Regulations governing solid waste management are promulgated by government agencies on the federal and state levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities; acceptable and prohibited waste types; and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities relating to any landfill site ever operated by the County, whether or not owned by the County. Thus, the County has potential liability with respect to every landfill ever owned, operated, contracted to be operated, or into which the County disposed waste. Compliance with these regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs could increase.

## NOTE 19

### Fund Balances Reserved For Other Purposes

At June 30, 2010, the fund balances reserved for other purposes are presented in **Table 41** as follows:

Table 41		
Fund Balances Reserved For Other Purposes		
At June 30, 2010		
General Fund		
Defray administrative costs, other general reserves	\$	26,223
Improvement and maintenance of recorded document systems		11,941
Teeter tax loss		29,960
Emergency medical services, various construction costs		24,899
Mental health		12,949
Social programs		3,328
Vector control		12,602
Real estate fraud prosecution		817
Domestic violence and child abuse prevention		3,130
Sheriff vehicle maintenance and replacement		1,138
Fingerprinting equipment purchase and operation		8,227
Sheriff automated warrant system		5,396
Donations		4,537
Total General Fund	\$	145,147
Special Revenue Funds		
Road-future road improvements	\$	24,953
Flood Control-future drainage improvements		11,802
Total Special Revenue Funds	\$	36,755
Total Fund Balances Reserved for Other Purposes	\$	181,902

## NOTE 20

### Fund Balances Designated for Subsequent Years' Expenditures

At June 30, 2010, the fund balances designated for subsequent years' expenditures are presented in **Table 42** as follows:

Table 42		
Fund Balances Designated for Subsequent Years' Expenditures		
At June 30, 2010		
General Fund		
Sheriff Department future capital expenditures	\$	4,000
Assessor/Recorder/County Clerk future expenditures		111
Clerk of the Board future expenditures		5
Department of Planning and Land Use future expenditures		659
Housing Authority future lease payments		218
Management of conduit financing program		511
Registrar of Voters Equipment replacement		445
Preventative health care for children		384
South County Shelter capital improvements		85
Senior Volunteer Patrols Program in the unincorporated communities		51
Regional communication system infrastructure enhancements		13,959
Sheriff Department helicopter replacement		2,666
Health based programs aimed at reducing adult and youth smoking		8,007
Equipment replacement/system enhancement-Caller ID Remote Access Network		1,160
Future lease payments		1,633
Contingency set-aside - cost reimbursement for 2003/2007 County fires		32,921
Total General Fund	\$	66,815
Special Revenue Funds		
Road - planning, review, design and construction of road projects	\$	26,000
Housing and Community Development		4,469
Building maintenance		450
Equipment acquisition		176
Total Special Revenue Funds	\$	31,095

## NOTE 21

### Risk Management

The County operates a Risk Management Program, whereby it is self-insured for general liability (California Government Code Section 990), medical malpractice (California Government Code Section 990.9), automobile liability (California Vehicle Code Section 16020(b)(4)) and workers' compensation (California Code of Regulations, Title 8, Section 15203.4). The County purchases insurance coverage for all risk property losses, government crime insurance, including employee dishonesty and faithful performance, airport comprehensive liability, and aircraft hull and liability insurance. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years.

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

The County's Employee Benefits and Public Liability Insurance Internal Service Funds (ISF) are used to report all of its uninsured risk management activities. Risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Actuarial evaluations were obtained which determine estimates of known and projected public liability and workers compensation claim liabilities. These evaluations include estimates for claims incurred but not reported; allocated and unallocated loss adjustment expenses; and amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

At June 30, 2010, these liabilities discounted for anticipated investment return (public liability of 1% and workers' compensation of 4%), totaled \$118.1 million, including \$23.1 million in public liability and \$95 million in workers' compensation. Changes in the balances of claim liabilities for fiscal year 2010 and 2009 are shown below:

Table 43			
Risk Management - Changes in Claim Liabilities			
	2010		2009
Employee Benefits Fund			
Unpaid claims, July 1	\$ 88,563	\$	86,802
Incurred claims	26,376		18,903
Claim payments	(19,966)		(17,142)
Unpaid claims, June 30	\$ 94,973	\$	88,563
Public Liability Insurance Fund			
Unpaid claims, July 1	\$ 19,965	\$	19,442
Incurred claims	4,175		4,480
Claim payments	(1,014)		(3,957)
Unpaid claims, June 30	\$ 23,126	\$	19,965

## NOTE 22

### Contingencies

#### Litigation

The County has a potential liability of \$18.2 million that could result if unfavorable final decisions were rendered in numerous lawsuits to which the County is a named defendant. Appropriations are budgeted annually for those portions of obligations coming due that fiscal year.

#### Unrecorded Leave Benefits

County employees have unrecorded accumulated benefits of approximately \$169.8 million in sick leave, holiday and compensatory time. With the exception of sick leave for eligible employees, these benefits are not payable to employees upon termination and are normally liquidated at year end or as employees elect to use their benefits per Civil Service rules and regulations. Accumulated vacation, sick leave, and compensatory time-off for which employees are eligible for payment upon separation have been recorded as current or liabilities in the appropriate proprietary funds and the statement of net assets.

## Federal and State Programs

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

## NOTE 23

### Joint Ventures

The San Diego Geographic Information Source (SanGIS) was created in July 1997 as a joint powers agreement between the City of San Diego and the County of San Diego. SanGIS objectives are to create and maintain a geographic information system; marketing and licensing compiled digital geographic data and software; providing technical services; and publishing geographic and land related information for the City and the County, other public agencies, and the private sector. It is governed by a Board of Directors consisting of the City Manager and the Chief Administrative Officer. SanGIS relies mostly on an annual budget of \$1.5 million shared equally by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported a decrease in net assets of \$.66 million and ending net assets of \$.150 million for the fiscal year ended June 30, 2009. The financial report may be obtained by writing to SanGIS at 5469 Kearny Villa Rd. Suite 102, San Diego CA 92123 or by calling (858) 574-7000 or by E-mail at [webmaster@sangis.org](mailto:webmaster@sangis.org).

The County is a participant with eighteen incorporated cities to operate the Unified San Diego County Emergency Services Organization for the purpose of providing regional planning and mutual assistance in the event of an emergency in the region including accidents involving hazardous waste. The organization is governed by the Unified Disaster Council (UDC) with one voting member from San Diego County Board of Supervisors who serves as Chair of the Council, and a representative from each of the 18 incorporated cities. The County of San Diego Office of Emergency Services (OES) serves as staff to the UDC. OES is a liaison between the incorporated cities, the State Office of Emergency Services, the Federal Emergency Management Agency, and the American Red Cross. A contractual agreement requires that the cities and the County provide the total required funding each year; one half from the cities and the other half from the County. In its latest report, the organization reported an decrease in net assets of \$.270 million and ending net assets of \$.377 million for the fiscal year ended June 30, 2009. Separate financial statements may be obtained from the Operational Area Emergency Operations Center, 5555 Overland Ave., Suite 1911, San Diego CA 92123 or by calling (858) 565-3490.

The City of San Diego and the County of San Diego jointly formed a Consortium under the Workforce Investment Act of 1998 to provide regional employment and training services. The Consortium is governed by a five member board consisting of two members designated from the County Board of Supervisors, two

members designated from the San Diego City Council and one member from the Board of Directors of United Way, a charitable organization. The board assigned the San Diego Workforce Partnership, Inc. as grant recipient and the administrative entity to operate the San Diego Consortium. The City and the County agreed to share equally any debt or liability incurred with respect to State and Federal grants. For the year ended June 30, 2009, the Partnership reported an increase in net assets of \$.086 million. Complete financial reports may be obtained by writing to the San Diego Workforce Partnership, 3910 University Ave., Suite 400, San Diego CA 92105-1326 or by calling (619) 228-2900.

## NOTE 24

### Pension and Retiree Health Plans

#### Pension Plan

##### Plan Description

The County contributes to the San Diego County Employees Retirement Association pension plan, (SDCERA-PP), a cost-sharing multiple-employer defined benefit pension plan that is administered by SDCERA. The SDCERA-PP has four Tiers and provides retirement, disability, death and survivor benefits to its General and Safety members. Tier B is the current open system. Tier I and Tier A are closed to new entrants but have active members and Tier II was eliminated for active members. The Retirement Act, (also referred to as the Retirement Law of 1937 and Government Code Section 31450 et.seq.) assigns the County Board of Supervisors, the authority to establish and amend benefit provisions and assigns the SDCERA Board of Retirement the authority to approve retiree members and beneficiaries cost-of-living increases. (See note below regarding SDCERA Financial Report information.)

##### Funding Policy

The Retirement Act requires that County and member contributions be actuarially determined to provide a specific level of benefit. Contribution rates are expressed as a percentage of covered payroll and member rates vary according to age at entry, benefit tier level and certain negotiated contracts that provide for the County to pay a portion of members' contributions.

The average member contribution rate was 10.38% for all categories combined (General Tier I, General Tier A, General Tier B and Safety members). The employer contribution rate for all categories combined was 18.23%.

CoSD employer contributions to SDCERA-PP for the three years ended June 30, 2010, which equaled or exceeded the required contributions, were the following:

Table 44				
CoSD Employer Contributions - SDCERA - PP				
Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contributions Made	Percentage of ARC Contributed	
2010	\$ 172,453	\$ 176,243	102.2%	
2009	200,146	200,146	100.0%	
2008	214,665	214,665	100.0%	

#### Retiree Health Plan

##### Plan Description

Effective July 1, 2007, the County commenced contributing to the SDCERA retiree health plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns the authority to establish and amend health allowance benefits to the SDCERA Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from \$200 per month to \$400 per month based on members' service credits. (See note below regarding SDCERA Financial Report information.)

##### Funding Policy

The SDCERA-RHP was established and is administered as an Internal Revenue Code Section 401(h) account within the defined benefit pension plan under the authority granted by the Retirement Act to the SDCERA Board of Retirement. The SDCERA-RHP is funded by employer contributions that are based on an actuarially determined 20 year level dollar amortization schedule. The health insurance allowance is not a vested benefit and may be reduced or discontinued at any time by the SDCERA Board of Retirement. Additionally, the total amount of employer contributions are limited by the provisions of 401(h).

CoSD's employer contributions to SDCERA-RHP for the three years ended June 30, 2010, which equaled or exceeded the required contributions, were the following:

Table 45				
COSD Employer Contributions - SDCERA-RHP				
Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contributions Made	Percentage of ARC Contributed	
2010	\$ 16,886	\$ 17,920	106.1%	
2009	20,838	20,838	100.0%	
2008	21,304	21,304	100.0%	

#### SDCERA Financial Report

SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the SDCERA-PP and the SDCERA-RHP. The financial report may be obtained by writing to San Diego County Employees Retirement Association, 2275 Rio Bonito Way Suite 200, San Diego, California 92108-1685 or by calling (619) 515-6800.

# Notes to the Financial Statements

## (Amounts Expressed in Thousands Unless Otherwise Noted)

### NOTE 25

#### Fund Deficit

Table 46

##### Fund Deficit

At June 30, 2010

Internal Service Fund:		
Facilities Management	\$	(155)

The deficit within the Facilities Management Internal Service fund decreased from \$345 thousand at June 30, 2009 to \$155 thousand at June 30, 2010. The deficit is due to the use of California Energy Commission loans for expenses incurred for maintenance cost and energy conservation. The deficit will decrease annually as it is included in the utility rates calculation charged to the departments. The loans will be repaid by fiscal year 2020.

### NOTE 26

#### Subsequent Events

##### Tax and Revenue Anticipation Notes

In July 2010, the County issued tax and revenue anticipation notes (TRANS) totaling \$140 million due June 30, 2011 at a coupon rate of 2.00% and a yield of 0.38%. Proceeds from the notes will be used to meet fiscal year 2011 cash flow requirements. Fiscal year 2011 unrestricted revenues collateralize the notes.

### NOTE 27

#### New Governmental Accounting Standards

##### Implementation Status

In June 2007, GASB issued Statement 51, *Accounting and Financial Reporting for Intangible Assets*. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. This Statement also provides guidance on recognizing internally generated computer software as an intangible asset. This guidance serves as an application of the specified-conditions approach described above to the development cycle of computer software.

This Statement also establishes guidance specific to intangible assets related to amortization. This Statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. If there are

no factors that limit the useful life of an intangible asset, the Statement provides that the intangible asset be considered to have an indefinite useful life.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated. The County chose not to retroactively report such assets. No restatement of beginning net assets was necessary as the assets either met this criteria or were already reported as capital assets under another category. This statement is effective for the County's fiscal year ending June 30, 2010.

Please refer to Note 7 "Capital Assets."

In June 2008, the GASB issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities.

The disclosures required by Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, have been incorporated into this Statement. The objectives, terms, and risks of hedging derivative instruments are required disclosures. Disclosures also include a summary of derivative instrument activity that provides an indication of the location of fair value amounts reported on the financial statements. The disclosures for investment derivative instruments are similar to the disclosures of other investments. This statement is effective for the County's fiscal year ending June 30, 2010.

*The County does not currently invest in derivatives, consequently this Statement is not currently applicable.*

In December 2009, the GASB issued Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an

individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements.

The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

*The County of San Diego is not an agent employer. It contributes to SDCERA's cost-sharing multiple-employer defined benefit health plan administered by SDCERA which is not an agent multiple employer plan; consequently this Statement is not applicable.*

In December 2009, the GASB issued Statement 58, *Accounting and Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan.

For governments that are not expected to emerge from bankruptcy as going concerns, this Statement requires remeasurement of assets to a value that represents the amount expected to be received. This Statement classifies gains or losses resulting from remeasurement of liabilities and assets as an extraordinary item.

Governments that have filed for bankruptcy are required to disclose information regarding, among other things, the pertinent conditions and events giving rise to the petition for bankruptcy, the expected gain, and the effects upon services.

This Statement is effective for the County's fiscal year ending June 30, 2010.

*The County does not have a going concern issue; consequently this Statement is not applicable.*

## Under Analysis

The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for the County's fiscal year ending June 30, 2011.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

This Statement provides for the following amendments:

National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, is updated to be consistent with the amendments to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, regarding certain financial guarantees.

Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Statement 31, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.

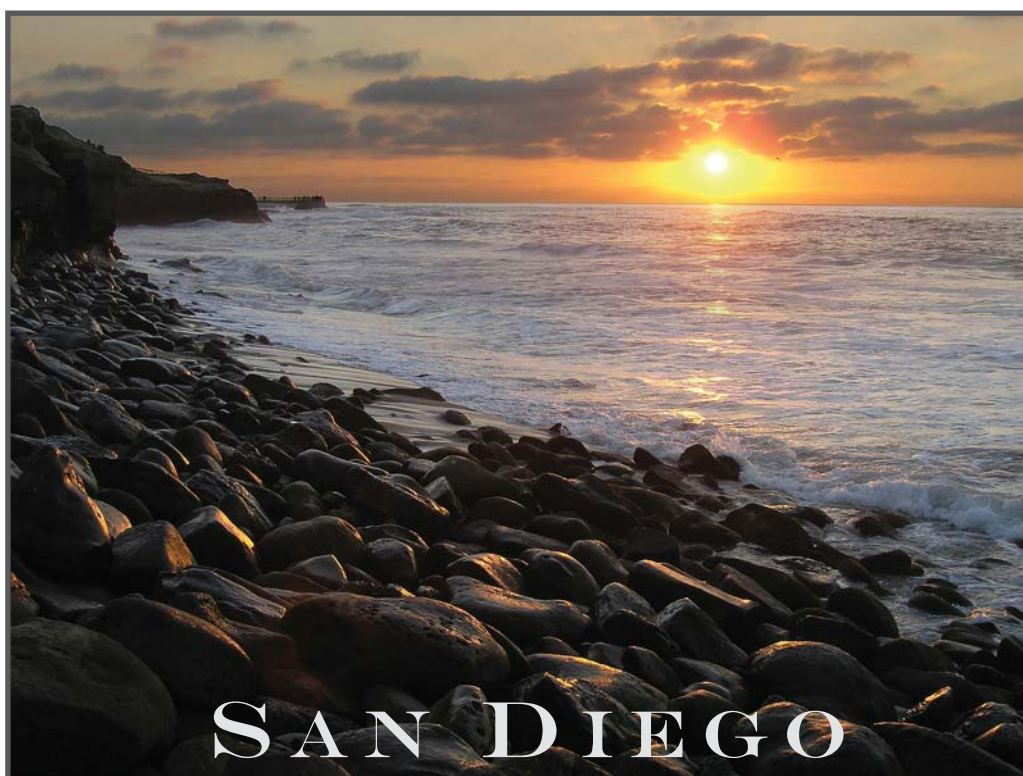
Statement No. 40, *Deposit and Investment Risk Disclosures*, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools-such as bond mutual funds and external bond investment pools-that do not meet the requirements to be reported as a 2a7-like pool.

Statement 53 is amended to clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance.

This statement is effective for the fiscal year ended June 30, 2011.



Required  
Supplementary  
Information



## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL General Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 900,753	878,653	904,515
Licenses, permits and franchise fees	38,863	38,863	40,967
Fines, forfeitures and penalties	55,957	60,381	53,996
Revenue from use of money and property	17,399	17,699	23,171
Aid from other governmental agencies:			
State	940,251	931,274	814,553
Federal	878,298	917,476	824,821
Other	81,931	101,673	91,478
Charges for current services	266,956	272,714	277,252
Other revenue	39,116	38,711	33,757
<b>Total revenues</b>	<b>3,219,524</b>	<b>3,257,444</b>	<b>3,064,510</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Assessor/recorder/county clerk - finance	30,723	30,704	29,402
Auditor and controller	26,574	26,929	24,275
Auditor and controller - information technology mgt services	7,142	6,787	5,419
Board of supervisors district #1	1,216	1,416	1,160
Board of supervisors district #2	1,300	1,300	1,167
Board of supervisors district #3	1,202	1,209	1,194
Board of supervisors district #4	1,137	1,337	1,122
Board of supervisors district #5	1,306	1,506	1,182
Board of supervisors general office	1,091	1,091	1,027
CAC major maintenance	3,039	3,039	2,201
Chief Administrative office - legislative and administrative	4,735	4,736	4,399
Civil service commission	583	583	542
Clerk of the board of supervisors - legislative and administrative	2,944	3,546	2,822
Clerk of the board of supervisors - property management	3,646	3,034	3,120
Community enhancement	3,529	3,529	3,474
Community projects	11,327	10,092	8,245
Community services	8,640	8,640	1,665
Contributions to capital outlay		12,000	
County communications office	3,096	3,096	2,524
County counsel	20,866	20,866	20,130
County technology office	6,990	8,161	6,868
Countywide general expense	32,938	32,355	5,670
Financing and general government - legislative and administrative	11,407	10,236	2,970
Financing and general government - other general	82,990	82,990	6,349
Health and human services - legislative and administrative	419	419	404
Human resources - other general government	4,230	4,230	3,860
Human resources - personnel	17,403	17,402	14,580
Land use and environment - legislative and administrative	7,250	2,838	1,818
Public safety - legislative and administrative	11,167	11,167	7,554
Registrar of voters	24,591	24,819	15,097
Treasurer/tax collector	16,929	17,902	16,884
<b>Total general government</b>	<b>350,410</b>	<b>357,959</b>	<b>197,124</b>

Continued

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
General Fund**

For the Year Ended June 30, 2010 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
Public protection:			
Agriculture weights and measures	\$ 15,014	15,281	13,997
Agriculture weights and measures - sealer	2,687	2,687	2,576
Assessor/recorder/county clerk - other protection	22,427	22,428	16,737
Child support	48,952	48,952	44,711
Citizens law enforcement review board	481	481	340
Contributions for trial courts	73,769	74,269	72,290
Defense attorney/contract administration	411	411	369
Department of animal services	14,008	14,105	13,299
District attorney-judicial	132,654	133,063	124,531
Grand jury	671	671	627
LAFCO administration	343	343	343
Medical examiner	7,827	9,117	8,727
Office of emergency services	7,540	11,443	5,639
Planning and land use - fire protection	30,947	31,847	18,666
Planning and land use - other protection	27,650	32,776	21,392
Probation - adult detention	2,660	2,660	3,120
Probation - detention and correction	106,285	107,549	99,446
Probation - juvenile detention	42,541	42,529	40,500
Probation - police protection	2,199	584	654
Public defender	74,149	74,143	68,354
Public works, flood control, soil and water, general	16,292	16,262	8,779
Public works, general - other protection	2,333	2,318	1,029
Sheriff - adult detention	189,190	186,431	175,946
Sheriff - other protection	1,350	1,350	968
Sheriff - police protection	328,864	349,286	312,275
Total public protection	1,151,244	1,180,986	1,055,315
Public ways and facilities:			
Public Works, Dept of Gen	9,773	9,843	9,471
Public works, general - public ways	733	2,562	592
Total public ways and facilities	10,506	12,405	10,063
Health and sanitation:			
Environmental health	39,581	43,907	33,226
Health and human services agency - drug and alcohol abuse services	51,224	51,053	40,143
Health and human services agency - health	102,825	106,121	97,884
Health and human services agency - health administration	52,437	52,304	31,461
Health and human services agency - medical care	136,407	136,407	147,177
Health and human services agency - mental health	333,240	333,155	283,923
Public works, general - sanitation	1,628	1,543	1,334
Total health and sanitation	717,342	724,490	635,148
Public assistance:			
Health and human services agency - aid programs	51,136	49,950	29,211
Health and human services agency - other assistance	319,096	318,874	291,704
Health and human services agency - social administration	744,053	742,001	692,905
Health and human services agency - veterans' services	877	877	877
Housing Authority	10,189	10,189	9,148
Probation - care of court wards	9,672	9,672	10,495
Total public assistance	1,135,023	1,131,563	1,034,340
Education			
Agriculture weights and measures	1,084	1,084	906
Total education	\$ 1,084	1,084	906

Continued

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL General Fund

For the Year Ended June 30, 2010 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
Recreation and cultural:			
Parks and recreation	\$ 33,676	36,903	28,102
Total recreation and cultural	33,676	36,903	28,102
Contingency reserve	20,000	20,000	
Capital outlay	25,087	36,521	27,184
Debt service:			
Principal	28,807	28,807	28,777
Interest and fiscal charges	20,990	20,990	17,025
Payment to refunded bond escrow agent	4,436	4,436	4,436
Total expenditures	3,498,605	3,556,144	3,038,420
Excess (deficiency) of revenues over (under) expenditures	(279,081)	(298,700)	26,090
Other financing sources (uses):			
Sale of capital assets			338
Transfers in	248,920	240,438	226,039
Transfers out	(450,686)	(433,658)	(223,042)
Total other financing sources (uses)	(201,766)	(193,220)	3,335
Net change in fund balances	(480,847)	(491,920)	29,425
Fund balances at beginning of year	1,190,038	1,190,038	1,190,038
Increase (decrease) in			
Reserve for inventory of materials and supplies		645	645
Fund balances at end of year	\$ 709,191	698,763	1,220,108

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**
**Public Safety Fund**

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Aid from other governmental agencies:			
State	\$ 210,919	210,919	189,376
Total revenues	210,919	210,919	189,376
Excess (deficiency) of revenues over (under) expenditures	210,919	210,919	189,376
<b>Other financing sources (uses):</b>			
Transfers out	(214,524)	(214,524)	(188,226)
Total other financing sources (uses)	(214,524)	(214,524)	(188,226)
Net change in fund balances	(3,605)	(3,605)	1,150
Fund balances at beginning of year	3,649	3,649	3,649
Fund balances at end of year	\$ 44	44	4,799

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Tobacco Endowment Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Revenue from use of money and property	\$ 10,500	10,500	9,470
<b>Total revenues</b>	<b>10,500</b>	<b>10,500</b>	<b>9,470</b>
<b>Expenditures:</b>			
Current:			
General government:			
Tobacco Settlement	3,300	3,300	
<b>Total general government</b>	<b>3,300</b>	<b>3,300</b>	
<b>Total expenditures</b>	<b>3,300</b>	<b>3,300</b>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>7,200</b>	<b>7,200</b>	<b>9,470</b>
<b>Other financing sources (uses):</b>			
Transfers out	(24,200)	(24,200)	(24,200)
<b>Total other financing sources (uses)</b>	<b>(24,200)</b>	<b>(24,200)</b>	<b>(24,200)</b>
<b>Net change in fund balances</b>	<b>(17,000)</b>	<b>(17,000)</b>	<b>(14,730)</b>
<b>Fund balances at beginning of year</b>	<b>427,005</b>	<b>427,005</b>	<b>427,005</b>
<b>Fund balances at end of year</b>	<b>\$ 410,005</b>	<b>410,005</b>	<b>412,275</b>

## Budgetary Information

### General Budget Policies

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year with the approval of the Board of Supervisors.

Appropriations may also be adjusted during the year with the approval of the Board of Supervisors. Additionally, the Chief Financial Officer is authorized to approve certain transfers and revisions of appropriations within a department. Such adjustments are reflected in the final budgetary data. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

The schedule of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund, Public Safety Fund and the Tobacco Endowment Fund that is presented as Required Supplementary Information was prepared in accordance with generally accepted accounting principles (GAAP).

The Original Budget consists of the adopted budget plus the budget carried forward from the prior fiscal year. Accordingly, encumbrances that are subject to automatic re-appropriation are included as part of the original budget. The County adopts its budget subsequent to the start of the each new fiscal year by mid-August. The final budget includes the original budget plus amended budget changes occurring during the fiscal year.

The Actual column represents the actual amounts of revenue and expenditures reported on a GAAP basis which is the same basis that is used to present the aforementioned original and final budget.



# Combining & Individual Fund Information and Other Supplementary Information



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specific purposes.

#### AIR POLLUTION FUND

This fund was established to provide for control of air pollution from motor vehicles and other sources in order to attain health based air quality standards. Revenue sources include license and permit fees, fines, state and federal funds, charges to property owners and vehicle registration fees.

#### ASSET FORFEITURE PROGRAM FUND

This fund was established to account for assets which have been seized by law enforcement agencies during the investigation of criminal activities. These monies and the investment income derived therefrom are used for the prevention, investigation, apprehension and prosecution of drug and other criminal law violators.

#### CABLE TV FUND

This fund was established to account for revenue earned and expenditures made for cable television related projects appropriated for the benefit of the cable subscribers who have paid the user fees for this fund. During fiscal year 2009-10, the activities began to be transferred to and accounted for, in the General Fund.

#### COUNTY LIBRARY FUND

This fund was established to provide library services for the unincorporated area as well as 11 of the incorporated cities within the county. Property taxes provide most of the fund's revenues; aid from other governmental agencies, grants and revenues from library services provide the remaining principal revenues.

#### COUNTY SERVICE DISTRICT FUNDS

These special district funds were established to provide authorized services such as road, park, lighting maintenance, fire protection or ambulance service to specific areas in the county. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. They also derive revenue from cities and from services provided to property owners.

### EDGEMOOR DEVELOPMENT FUND

This fund was established pursuant to Board Policy F-38, which provides guidelines for the use, development and disposition of the County's 326 acres of property located in the City of Santee, known as the Edgemoor Property. Future development plans of the Edgemoor Property may include parks, a library, housing, a fire station, post office and others. Revenues are derived from the sale or lease of land within the Edgemoor property, and these revenues are to be used to for the reconstruction of the Edgemoor Skilled Nursing Facility. A portion of these reconstruction costs include an annual transfer to reimburse the General Fund for annual lease payments associated with two series of certificates of participation, one sold in 2005 and the other in 2006, to fund the redevelopment of the Edgemoor Skilled Nursing Facility, which was completed in 2009. The federal reimbursements with the SB 1128 program are also deposited into this fund.

### FLOOD CONTROL DISTRICT FUND

This fund was established to account for revenues and expenditures related to providing flood control in the county. It is financed primarily by ad valorem property taxes.

### HOUSING AUTHORITY FUND

This fund was established to account for revenues and expenditures related to providing decent housing in a suitable environment for individuals who cannot afford standard private housing. Contracts with the U.S. Department of Housing and Urban Development provide the major funding sources.

### HOUSING AND COMMUNITY DEVELOPMENT FUND

The Housing and Community Development Fund was established to receive federal community development block grants as well as state grants. Expenditures are for special projects related to various housing programs within the county.

### IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY FUND (IHSSPA)

This authority was established for the administration of the IHSSPA registry, investigation of the qualifications and background of potential registry personnel, referral of registry personnel to IHSSPA recipients and the provision for training of providers and recipients. The authority is funded by the State's social services realignment fund, federal and state programs. The monies are initially deposited into the County's General Fund, and transferred to the IHSSPA fund.

## INACTIVE WASTESITES FUND

This fund was established to receive one-time homeowner association deposits and residual funds from the sale of the County's Solid Waste System. Expenditures include repairs, maintenance and care for the County's inactive landfill sites in accordance with all applicable governmental regulations, laws and guidelines.

## INMATE WELFARE PROGRAM FUND

This fund was established to receive telephone and other vending commissions and profits from stores operated in connection with the county jail and probation facilities. Fund expenditures, by law, must be solely for the benefit, education and welfare of confined inmates.

## LIGHTING MAINTENANCE DISTRICT FUND

This fund was established to provide street and road lighting services to specified areas of the County. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners.

## OTHER SPECIAL DISTRICTS FUNDS

These funds were established to receive user fees, land lease revenues and fines. Expenditures include retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purpose capital improvements and repairs.

## PARK LAND DEDICATION FUND

This fund was established to receive and expend special park land dedication fees to developers of land as a condition for approval of any development. The fees are then used for the purchase of land and the development of land for park or recreational facilities. These facilities serve the future residents of such developments. In lieu of the payment of these fees, the developer may dedicate land for park or recreational facilities.

## REDEVELOPMENT AGENCY FUND

This fund was established to account for the financial resources obtained and used for pass-through payments to taxing entities located in the Gillespie Field and Upper San Diego River project areas. Mandatory payments of the twenty percent set-aside to the Gillespie Field and Upper San Diego River Housing funds are made through interfund operating transfers. The interfund activity is eliminated to minimize the doubling effect between the funds. Revenues primarily consist of incremental property taxes collected within the project areas. Financial resources received are also used to make operating transfers to the Redevelopment Agency - Debt Service Fund for payment of principal and interest on revenue bonds.

## ROAD FUND

This fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds, vehicle code fines, and fees and reimbursements for engineering services provided.

## TOBACCO SECURITIZATION JOINT SPECIAL REVENUE FUND

The Tobacco Securitization Joint Special Revenue Fund accounts for the transactions of the San Diego County Tobacco Asset Securitization Corporation and Tobacco Securitization Authority of Southern California, two component units, that are blended into the County's financial statements.

## DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

## PENSION OBLIGATION BONDS FUND

This fund receives payments from the County and other agencies for payment of principal and interest due on taxable pension obligation bonds. The debt issue was used to satisfy the County's requirement to amortize the unfunded actuarial accrued liability with respect to retirement benefits accruing to members of the San Diego County Employees Retirement Association.

## REDEVELOPMENT AGENCY FUND

This fund's primary source of income are operating transfers from the Redevelopment Agency - Special Revenue Fund and investment income based on a trust agreement between the agency and a trustee bank for payment of principal and interest due on revenue bonds. Pledged installments from the county airport system are deposited with a trustee and are available if taxes and investment income are insufficient to pay debt service payments. In addition to the pledged amounts, a bond reserve was funded with bond proceeds.

## SAN DIEGO REGIONAL BUILDING AUTHORITY FUND

This fund receives rental payments based on the lease purchase agreement from the San Miguel Consolidated Fire Protection District (SMCFPD) for payment of principal and interest due on lease revenue bonds issued for the SMCFPD; secured by the lease purchase payments. This fund also receives interest on monies invested in permissible investments as directed by each San Diego Regional Building Authority (SDRBA) financing's Trust indenture. Debt service payments made in this fund also include payments not accounted for in the County's General Fund related to SDRBA debt issuances; and are secured by interest earnings on the aforementioned permissible investments.

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SANCAL FUND

This fund receives interest on monies invested in permissible investments as directed by each San Diego County Capital Asset Leasing Corporation (SANCAL) financing's Trust indenture. Debt service payments made in this fund are secured by the aforementioned interest earnings and represent payments not accounted for in the County's General Fund related to SANCAL debt issuances.

## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds.)

## CAPITAL OUTLAY FUND

This fund is used exclusively to finance the acquisition, construction and completion of permanent public improvements including public buildings and for the costs of acquiring land and permanent improvements. Revenues are obtained from the sale of fixed assets, from lease or rental of county-owned facilities, and from other funds such as grants and contributions when allocated by the Board of Supervisors to the fund.

## SAN DIEGO REGIONAL BUILDING AUTHORITY FUND

This fund is used to account for the expenditures of the proceeds from the sale of certificates of participation and lease revenue bonds of the San Diego Regional Building Authority used for the acquisition and construction of permanent buildings by the County.

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

June 30, 2010 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Pooled cash and investments	\$ 277,956	14,044	110,237	402,237
Investments with fiscal agents	40,592			40,592
Receivables, net	110,845	241	14,555	125,641
Property taxes receivables, net	751			751
Due from other funds	3,537	2,554	5,880	11,971
Inventories	1,512			1,512
Deposits with others	31			31
Prepaid items	441			441
Restricted assets:				
Cash with fiscal agents	137			137
Investments with fiscal agents	47,633	26,211		73,844
Lease receivable		8,898		8,898
<b>Total assets</b>	<b>483,435</b>	<b>51,948</b>	<b>130,672</b>	<b>666,055</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	11,569	4	27,943	39,516
Accrued payroll	2,168			2,168
Due to other funds	9,734	2,980	8,919	21,633
Deferred revenues	31,877	8,898	3,752	44,527
Unearned revenue	3,858		132	3,990
<b>Total liabilities</b>	<b>59,206</b>	<b>11,882</b>	<b>40,746</b>	<b>111,834</b>
Fund Balances				
Reserved fund balance:				
Reserved for loans, due from other funds and prepaids	58,349			58,349
Reserved for deposits with others	19			19
Reserved for inventories	1,512			1,512
Reserved for debt service	38,773	40,066		78,839
Reserved for housing repairs and improvements	426			426
Reserved for other purposes	36,755			36,755
Unreserved:				
Designated for encumbrances	24,881			24,881
Designated for subsequent years' expenditures	31,095			31,095
Designated for landfill postclosure and landfill closure costs	60,972			60,972
Undesignated	171,447		89,926	261,373
<b>Total fund balances</b>	<b>424,229</b>	<b>40,066</b>	<b>89,926</b>	<b>554,221</b>
<b>Total liabilities and fund balances</b>	<b>\$ 483,435</b>	<b>51,948</b>	<b>130,672</b>	<b>666,055</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    §    County of San Diego

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2010 (In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Service District Funds	Edgemoor Development Fund
<b>ASSETS</b>					
Pooled cash and investments	\$ 14,815	9,409	11,293	20,755	11,653
Investments with fiscal agents					
Receivables, net	1,908	19	562	55	4,308
Property taxes receivables, net			410	58	
Due from other funds	42		176	47	
Inventories	180	61	93	29	
Deposits with others					
Prepaid items					
Restricted assets:					
Cash with fiscal agents					
Investments with fiscal agents					
<b>Total assets</b>	<b>16,945</b>	<b>9,489</b>	<b>12,534</b>	<b>20,944</b>	<b>15,961</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	730	198	997	1,698	6
Accrued payroll	367		573		
Due to other funds	322	2	628	476	8
Deferred revenues			390	56	4,284
Unearned revenue	174		458	59	
<b>Total liabilities</b>	<b>1,593</b>	<b>200</b>	<b>3,046</b>	<b>2,289</b>	<b>4,298</b>
<b>Fund Balances</b>					
Reserved fund balance:					
Reserved for loans, due from other funds and prepaids					
Reserved for deposits with others					
Reserved for inventories	180	61	93	29	
Reserved for debt service					
Reserved for housing repairs and improvements					
Reserved for other purposes					
Unreserved:					
Designated for encumbrances	7,161	3,343	457	775	542
Designated for subsequent years' expenditures	450		87	89	
Designated for landfill postclosure and landfill closure costs					
Undesignated	7,561	5,885	8,851	17,762	11,121
<b>Total fund balances</b>	<b>15,352</b>	<b>9,289</b>	<b>9,488</b>	<b>18,655</b>	<b>11,663</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,945</b>	<b>9,489</b>	<b>12,534</b>	<b>20,944</b>	<b>15,961</b>

Continued

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2010 (In Thousands)

(Continued)	Flood Control District Fund	Housing Authority Fund	Housing and Community Development Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund
<b>ASSETS</b>					
Pooled cash and investments	\$ 22,834	25,383	3,732	230	28,933
Investments with fiscal agents					40,592
Receivables, net	46	12,067	47,442	2	820
Property taxes receivables, net	56				
Due from other funds		84	705	140	17
Inventories					
Deposits with others		19			
Prepaid items		1	50		
Restricted assets:					
Cash with fiscal agents		137			
Investments with fiscal agents		595			
<b>Total assets</b>	<b>22,936</b>	<b>38,286</b>	<b>51,929</b>	<b>372</b>	<b>70,362</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	188	1,154	1,717	141	396
Accrued payroll					50
Due to other funds	191	1,542	80	144	46
Deferred revenues	54	2,272			
Unearned revenue	66	2,006			597
<b>Total liabilities</b>	<b>499</b>	<b>6,974</b>	<b>1,797</b>	<b>285</b>	<b>1,089</b>
<b>Fund Balances</b>					
Reserved fund balance:					
Reserved for loans, due from other funds and prepaids		9,121	45,663		
Reserved for deposits with others		19			
Reserved for inventories					
Reserved for debt service		250			
Reserved for housing repairs and improvements		426			
Reserved for other purposes	11,802				
Unreserved:					
Designated for encumbrances	865				610
Designated for subsequent years' expenditures			4,469		
Designated for landfill postclosure and landfill closure costs					60,972
Undesignated	9,770	21,496		87	7,691
<b>Total fund balances</b>	<b>22,437</b>	<b>31,312</b>	<b>50,132</b>	<b>87</b>	<b>69,273</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,936</b>	<b>38,286</b>	<b>51,929</b>	<b>372</b>	<b>70,362</b>

Continued

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    §    County of San Diego

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2010 (In Thousands)

(Continued)	Inmate Welfare Program Fund	Lighting Maintenance District Fund	Other Special Districts Funds	Park Land Dedication Fund
<b>ASSETS</b>				
Pooled cash and investments	\$ 8,380	1,250	646	10,064
Investments with fiscal agents				
Receivables, net	41	2	2	21
Property taxes receivables, net		14		
Due from other funds	164			
Inventories	78			
Deposits with others				
Prepaid items				
Restricted assets:				
Cash with fiscal agents				
Investments with fiscal agents				
<b>Total assets</b>	<b>8,663</b>	<b>1,266</b>	<b>648</b>	<b>10,085</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	324	105		
Accrued payroll				
Due to other funds	472	14	1	134
Deferred revenues		13		
Unearned revenue		16		
<b>Total liabilities</b>	<b>796</b>	<b>148</b>	<b>1</b>	<b>134</b>
<b>Fund Balances</b>				
Reserved fund balance:				
Reserved for loans, due from other funds and prepaids				
Reserved for deposits with others				
Reserved for inventories	78			
Reserved for debt service				
Reserved for housing repairs and improvements				
Reserved for other purposes				
Unreserved:				
Designated for encumbrances	33	15		1,080
Designated for subsequent years' expenditures				
Designated for landfill postclosure and landfill closure costs				
Undesignated	7,756	1,103	647	8,871
<b>Total fund balances</b>	<b>7,867</b>	<b>1,118</b>	<b>647</b>	<b>9,951</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,663</b>	<b>1,266</b>	<b>648</b>	<b>10,085</b>

Continued

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2010 (In Thousands)

(Continued)	Redevelopment Agency Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
<b>ASSETS</b>				
Pooled cash and investments	\$ 5,961	102,618		277,956
Investments with fiscal agents				40,592
Receivables, net	3,469	23,473	16,608	110,845
Property taxes receivables, net	213			751
Due from other funds		2,162		3,537
Inventories		1,071		1,512
Deposits with others		12		31
Prepaid items	390			441
Restricted assets:				
Cash with fiscal agents				137
Investments with fiscal agents			47,038	47,633
<b>Total assets</b>	<b>10,033</b>	<b>129,336</b>	<b>63,646</b>	<b>483,435</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	631	3,284		11,569
Accrued payroll		1,178		2,168
Due to other funds	4,500	1,174		9,734
Deferred revenues	397	7,803	16,608	31,877
Unearned revenue	52	430		3,858
<b>Total liabilities</b>	<b>5,580</b>	<b>13,869</b>	<b>16,608</b>	<b>59,206</b>
<b>Fund Balances</b>				
Reserved fund balance:				
Reserved for loans, due from other funds and prepaids	3,565			58,349
Reserved for deposits with others				19
Reserved for inventories		1,071		1,512
Reserved for debt service			38,523	38,773
Reserved for housing repairs and improvements				426
Reserved for other purposes		24,953		36,755
Unreserved:				
Designated for encumbrances	242	9,758		24,881
Designated for subsequent years' expenditures		26,000		31,095
Designated for landfill postclosure and landfill closure costs				60,972
Undesignated	646	53,685	8,515	171,447
<b>Total fund balances</b>	<b>4,453</b>	<b>115,467</b>	<b>47,038</b>	<b>424,229</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,033</b>	<b>129,336</b>	<b>63,646</b>	<b>483,435</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    County of San Diego

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Debt Service Funds

June 30, 2010 (In Thousands)

	Pension Obligation Bonds Fund	Redevelopment Agency Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 3,750		3,519	6,775	14,044
Receivables, net	18		166	57	241
Due from other funds	2,554				2,554
Restricted assets:					
Investments with fiscal agents	22	1,155	19,913	5,121	26,211
Lease receivable			8,898		8,898
<b>Total assets</b>	<b>6,344</b>	<b>1,155</b>	<b>32,496</b>	<b>11,953</b>	<b>51,948</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable			2	2	4
Due to other funds	2,980				2,980
Deferred revenues			8,898		8,898
<b>Total liabilities</b>	<b>2,980</b>		<b>8,900</b>	<b>2</b>	<b>11,882</b>
Fund Balances					
Reserved fund balance:					
Reserved for debt service	3,364	1,155	23,596	11,951	40,066
<b>Total fund balances</b>	<b>3,364</b>	<b>1,155</b>	<b>23,596</b>	<b>11,951</b>	<b>40,066</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,344</b>	<b>1,155</b>	<b>32,496</b>	<b>11,953</b>	<b>51,948</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Capital Projects Funds

June 30, 2010 (In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	Total Capital Projects Funds
<b>ASSETS</b>			
Pooled cash and investments	\$ 8,187	102,050	110,237
Receivables, net	14,323	232	14,555
Due from other funds	5,880		5,880
<b>Total assets</b>	<b>28,390</b>	<b>102,282</b>	<b>130,672</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	14,109	13,834	27,943
Due to other funds	8,919		8,919
Deferred revenues	3,752		3,752
Unearned revenue	132		132
<b>Total liabilities</b>	<b>26,912</b>	<b>13,834</b>	<b>40,746</b>
<b>Fund Balances</b>			
Unreserved:			
Undesignated	1,478	88,448	89,926
<b>Total fund balances</b>	<b>1,478</b>	<b>88,448</b>	<b>89,926</b>
<b>Total liabilities and fund balances</b>	<b>\$ 28,390</b>	<b>102,282</b>	<b>130,672</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    §    County of San Diego

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 41,809			41,809
Licenses, permits and franchise fees	6,611			6,611
Fines, forfeitures and penalties	3,873			3,873
Revenue from use of money and property	9,778	2,549	1,132	13,459
Aid from other governmental agencies:				
State	126,327		6,500	132,827
Federal	137,419		1,045	138,464
Other	11,207	23		11,230
Charges for current services	41,031			41,031
Other revenue	33,709	12,986	767	47,462
<b>Total revenues</b>	<b>411,764</b>	<b>15,558</b>	<b>9,444</b>	<b>436,766</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	6,619	428	1,285	8,332
Public protection	8,575			8,575
Public ways and facilities	56,330			56,330
Health and sanitation	40,108			40,108
Public assistance	134,947			134,947
Education	36,516			36,516
Recreation and cultural	1,880			1,880
Capital outlay	54,760		123,568	178,328
<b>Debt service:</b>				
Principal	4,646	135,636		140,282
Interest and fiscal charges	25,844	58,167		84,011
Bond issuance costs		739		739
Payment to refunded bond escrow agent		10,941		10,941
<b>Total expenditures</b>	<b>370,225</b>	<b>205,911</b>	<b>124,853</b>	<b>700,989</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>41,539</b>	<b>(190,353)</b>	<b>(115,409)</b>	<b>(264,223)</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets	11		16	27
Issuance of bonds and loans:				
Premium on issuance of refunding bonds		7,803		7,803
Refunding bonds issued		80,940		80,940
Payment to escrow agent/refunded bond		(83,173)		(83,173)
Transfers in	20,463	157,418	48,098	225,979
Transfers out	(22,215)			(22,215)
<b>Total other financing sources (uses)</b>	<b>(1,741)</b>	<b>162,988</b>	<b>48,114</b>	<b>209,361</b>
<b>Net change in fund balances</b>	<b>39,798</b>	<b>(27,365)</b>	<b>(67,295)</b>	<b>(54,862)</b>
<b>Fund balances at beginning of year</b>	<b>384,525</b>	<b>67,431</b>	<b>157,221</b>	<b>609,177</b>
<b>Increase (decrease) in</b>				
Reserve for inventories	(94)			(94)
<b>Fund balances at end of year</b>	<b>\$ 424,229</b>	<b>40,066</b>	<b>89,926</b>	<b>554,221</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE

For the Year Ended June 30, 2010 (In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	Cable TV Fund	County Library Fund	County Service District Funds
<b>Revenues:</b>					
Taxes	\$			28,237	4,288
Licenses, permits and franchise fees	5,358				
Fines, forfeitures and penalties	1,765	2,060			
Revenue from use of money and property	161	101	9	91	239
Aid from other governmental agencies:					
State	9,877			940	35
Federal	3,218			24	
Other	6,306			1,398	2,945
Charges for current services	1,455			1,059	7,725
Other revenue	165	44		575	10
<b>Total revenues</b>	<b>28,305</b>	<b>2,205</b>	<b>9</b>	<b>32,324</b>	<b>15,242</b>
<b>Expenditures:</b>					
Current:					
General government			23		855
Public protection		888			1,124
Public ways and facilities					1,300
Health and sanitation	24,955				7,872
Public assistance					
Education				36,516	
Recreation and cultural					1,731
Capital outlay	141	251		367	
Debt service:					
Principal					
Interest and fiscal charges					11
<b>Total expenditures</b>	<b>25,096</b>	<b>1,139</b>	<b>23</b>	<b>36,883</b>	<b>12,893</b>
Excess (deficiency) of revenues over (under) expenditures	3,209	1,066	(14)	(4,559)	2,349
<b>Other financing sources (uses):</b>					
Sale of capital assets	7				
Transfers in				2,769	158
Transfers out	(1,350)	(113)	(248)	(1,682)	(1,926)
<b>Total other financing sources (uses)</b>	<b>(1,343)</b>	<b>(113)</b>	<b>(248)</b>	<b>1,087</b>	<b>(1,768)</b>
<b>Net change in fund balances</b>	<b>1,866</b>	<b>953</b>	<b>(262)</b>	<b>(3,472)</b>	<b>581</b>
Fund balances at beginning of year	13,460	8,318	267	12,963	18,045
Increase (decrease) in					
Reserve for inventories	26	18	(5)	(3)	29
<b>Fund balances at end of year</b>	<b>\$ 15,352</b>	<b>9,289</b>		<b>9,488</b>	<b>18,655</b>

Continued

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    County of San Diego

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE

For the Year Ended June 30, 2010 (In Thousands)

(Continued)	Edgemoor Development Fund	Flood Control District Fund	Housing Authority Fund	Housing and Community Development Fund	In Home Supportive Services Public Authority Fund
<b>Revenues:</b>					
Taxes	\$	4,004			
Licenses, permits and franchise fees					
Fines, forfeitures and penalties					
Revenue from use of money and property	389	92	1,205		15
Aid from other governmental agencies:					
State		39		306	
Federal		1	112,726	12,598	
Other			162	171	
Charges for current services		631	3,189		
Other revenue	2,682		556	134	
<b>Total revenues</b>	<b>3,071</b>	<b>4,767</b>	<b>117,838</b>	<b>13,209</b>	<b>15</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	502				
Public protection		3,975			
Public ways and facilities					
Health and sanitation					
Public assistance			113,512	9,501	11,934
Education					
Recreation and cultural					
Capital outlay		1,948			
Debt service:					
Principal			146		
Interest and fiscal charges			28		
<b>Total expenditures</b>	<b>502</b>	<b>5,923</b>	<b>113,686</b>	<b>9,501</b>	<b>11,934</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,569</b>	<b>(1,156)</b>	<b>4,152</b>	<b>3,708</b>	<b>(11,919)</b>
<b>Other financing sources (uses):</b>					
Sale of capital assets					
Transfers in	4,000				11,917
Transfers out	(8,815)			(38)	
<b>Total other financing sources (uses)</b>	<b>(4,815)</b>			<b>(38)</b>	<b>11,917</b>
<b>Net change in fund balances</b>	<b>(2,246)</b>	<b>(1,156)</b>	<b>4,152</b>	<b>3,670</b>	<b>(2)</b>
<b>Fund balances at beginning of year</b>	<b>13,909</b>	<b>23,593</b>	<b>27,160</b>	<b>46,462</b>	<b>89</b>
<b>Increase (decrease) in</b>					
Reserve for inventories					
<b>Fund balances at end of year</b>	<b>\$ 11,663</b>	<b>22,437</b>	<b>31,312</b>	<b>50,132</b>	<b>87</b>

Continued

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE

For the Year Ended June 30, 2010 (In Thousands)

(Continued)	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund	Other Special Districts Funds	Park Land Dedication Fund
Revenues:					
Taxes	\$		950		
Licenses, permits and franchise fees					949
Fines, forfeitures and penalties	33			15	
Revenue from use of money and property	1,542	3,153	11	4	105
Aid from other governmental agencies:					
State	1,006	14	9		
Federal					
Other					
Charges for current services	9,793		724	119	
Other revenue		647			
Total revenues	12,374	3,814	1,694	138	1,054
Expenditures:					
Current:					
General government					
Public protection		2,379		209	
Public ways and facilities			1,607		
Health and sanitation	7,281				
Public assistance					
Education					
Recreation and cultural					149
Capital outlay					
Debt service:					
Principal					
Interest and fiscal charges					
Total expenditures	7,281	2,379	1,607	209	149
Excess (deficiency) of revenues over (under) expenditures	5,093	1,435	87	(71)	905
Other financing sources (uses):					
Sale of capital assets		4			
Transfers in	174	1,090			
Transfers out	(146)	(1,743)			(1,156)
Total other financing sources (uses)	28	(649)			(1,156)
Net change in fund balances	5,121	786	87	(71)	(251)
Fund balances at beginning of year	64,152	7,153	1,031	718	10,202
Increase (decrease) in					
Reserve for inventories		(72)			
Fund balances at end of year	\$ 69,273	7,867	1,118	647	9,951

Continued

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    §    County of San Diego

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE

For the Year Ended June 30, 2010 (In Thousands)

(Continued)	Redevelopment Agency Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
<b>Revenues:</b>				
Taxes	\$ 4,330			41,809
Licenses, permits and franchise fees		304		6,611
Fines, forfeitures and penalties				3,873
Revenue from use of money and property	59	818	1,784	9,778
Aid from other governmental agencies:				
State		114,101		126,327
Federal		8,852		137,419
Other		225		11,207
Charges for current services		16,336		41,031
Other revenue	60	333	28,503	33,709
<b>Total revenues</b>	<b>4,449</b>	<b>140,969</b>	<b>30,287</b>	<b>411,764</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,088		151	6,619
Public protection				8,575
Public ways and facilities		53,423		56,330
Health and sanitation				40,108
Public assistance				134,947
Education				36,516
Recreation and cultural				1,880
Capital outlay		52,053		54,760
<b>Debt service:</b>				
Principal			4,500	4,646
Interest and fiscal charges	7		25,798	25,844
<b>Total expenditures</b>	<b>5,095</b>	<b>105,476</b>	<b>30,449</b>	<b>370,225</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(646)</b>	<b>35,493</b>	<b>(162)</b>	<b>41,539</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets				11
Transfers in		355		20,463
Transfers out	(1,143)	(3,855)		(22,215)
<b>Total other financing sources (uses)</b>	<b>(1,143)</b>	<b>(3,500)</b>		<b>(1,741)</b>
<b>Net change in fund balances</b>	<b>(1,789)</b>	<b>31,993</b>	<b>(162)</b>	<b>39,798</b>
<b>Fund balances at beginning of year</b>	<b>6,242</b>	<b>83,561</b>	<b>47,200</b>	<b>384,525</b>
<b>Increase (decrease) in</b>				
Reserve for inventories		(87)		(94)
<b>Fund balances at end of year</b>	<b>\$ 4,453</b>	<b>115,467</b>	<b>47,038</b>	<b>424,229</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS DEBT SERVICE

For the Year Ended June 30, 2010 (In Thousands)

	Pension Obligation Bonds Fund	Redevelopment Agency Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
<b>Revenues:</b>					
Revenue from use of money and property	\$ 57		2,114	378	2,549
Aid from other governmental agencies:					
Other				23	23
Other revenue	12,986				12,986
<b>Total revenues</b>	<b>13,043</b>		<b>2,114</b>	<b>401</b>	<b>15,558</b>
<b>Expenditures:</b>					
Current:					
General government			374	54	428
Debt service:					
Principal	133,163	345	545	1,583	135,636
Interest and fiscal charges	48,511	798	6,824	2,034	58,167
Bond issuance costs				739	739
Payment to refunded bond escrow agent				10,941	10,941
<b>Total expenditures</b>	<b>181,674</b>	<b>1,143</b>	<b>7,743</b>	<b>15,351</b>	<b>205,911</b>
Excess (deficiency) of revenues over (under) expenditures	(168,631)	(1,143)	(5,629)	(14,950)	(190,353)
<b>Other financing sources (uses):</b>					
Issuance of bonds and loans:					
Premium on issuance of refunding bonds				7,803	7,803
Refunding bonds issued				80,940	80,940
Payment to escrow agent/refunded bond				(83,173)	(83,173)
Transfers in	156,254	1,143		21	157,418
<b>Total other financing sources (uses)</b>	<b>156,254</b>	<b>1,143</b>		<b>5,591</b>	<b>162,988</b>
<b>Net change in fund balances</b>	<b>(12,377)</b>		<b>(5,629)</b>	<b>(9,359)</b>	<b>(27,365)</b>
Fund balances at beginning of year	15,741	1,155	29,225	21,310	67,431
Fund balances at end of year	\$ 3,364	1,155	23,596	11,951	40,066

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS

For the Year Ended June 30, 2010 (In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	Total Capital Projects Funds
<b>Revenues:</b>			
Revenue from use of money and property	\$ 29	1,103	1,132
Aid from other governmental agencies:			
State	6,500		6,500
Federal	1,045		1,045
Other revenue	767		767
<b>Total revenues</b>	<b>8,341</b>	<b>1,103</b>	<b>9,444</b>
<b>Expenditures:</b>			
Current:			
General government	1,285		1,285
Capital outlay	59,044	64,524	123,568
<b>Total expenditures</b>	<b>60,329</b>	<b>64,524</b>	<b>124,853</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(51,988)</b>	<b>(63,421)</b>	<b>(115,409)</b>
<b>Other financing sources (uses):</b>			
Sale of capital assets	16		16
Transfers in	48,098		48,098
<b>Total other financing sources (uses)</b>	<b>48,114</b>		<b>48,114</b>
<b>Net change in fund balances</b>	<b>(3,874)</b>	<b>(63,421)</b>	<b>(67,295)</b>
<b>Fund balances at beginning of year</b>	<b>5,352</b>	<b>151,869</b>	<b>157,221</b>
<b>Fund balances at end of year</b>	<b>\$ 1,478</b>	<b>88,448</b>	<b>89,926</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Air Pollution Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Licenses, permits and franchise fees	\$ 7,918	7,918	5,358
Fines, forfeitures and penalties	900	900	1,765
Revenue from use of money and property	110	110	161
Aid from other governmental agencies:			
State	13,669	19,201	9,877
Federal	2,279	3,842	3,218
Other	5,000	5,000	6,306
Charges for current services	461	461	1,455
Other revenue	450	450	165
<b>Total revenues</b>	<b>30,787</b>	<b>37,882</b>	<b>28,305</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Health and sanitation:</b>			
Air pollution control	17,965	18,574	17,300
Air pollution control, air quality GMERP program early grant	620	620	250
Air pollution control, air quality Proposition 1B GMERP program		4,631	
Air pollution control, air quality State LESB program	5,600	5,600	
Air pollution control, GMERP match fund	1,025	1,025	445
Air pollution control, improvement trust	1,222	1,222	
Air pollution control, moyer program	6,647	8,804	4,227
Air pollution control, power general mitigation	1,751	3,788	2,234
Air pollution control, school bus program		1,640	499
<b>Total health and sanitation</b>	<b>34,830</b>	<b>45,904</b>	<b>24,955</b>
Capital outlay	400	200	141
<b>Total expenditures</b>	<b>35,230</b>	<b>46,104</b>	<b>25,096</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,443)</b>	<b>(8,222)</b>	<b>3,209</b>
<b>Other financing sources (uses):</b>			
Sale of capital assets			7
Transfers in	5,825	552	
Transfers out	(7,185)	(1,913)	(1,350)
<b>Total other financing sources (uses)</b>	<b>(1,360)</b>	<b>(1,361)</b>	<b>(1,343)</b>
<b>Net change in fund balances</b>	<b>(5,803)</b>	<b>(9,583)</b>	<b>1,866</b>
<b>Fund balances at beginning of year</b>	<b>13,460</b>	<b>13,460</b>	<b>13,460</b>
<b>Increase (decrease) in</b>			
Reserve for inventory of materials and supplies		26	26
<b>Fund balances at end of year</b>	<b>\$ 7,657</b>	<b>3,903</b>	<b>15,352</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Asset Forfeiture Program Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Fines, forfeitures and penalties	\$ 1,000	1,000	2,060
Revenue from use of money and property	100	100	101
Other revenue			44
<b>Total revenues</b>	<b>1,100</b>	<b>1,100</b>	<b>2,205</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public protection:</b>			
District attorney asset forfeiture program - federal	400	381	351
District attorney asset forfeiture program - state	200	200	93
Probation asset forfeiture program	51	51	12
Sheriff's asset forfeiture program	1,203	958	432
<b>Total public protection</b>	<b>1,854</b>	<b>1,590</b>	<b>888</b>
Capital outlay		252	251
<b>Total expenditures</b>	<b>1,854</b>	<b>1,842</b>	<b>1,139</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(754)</b>	<b>(742)</b>	<b>1,066</b>
<b>Other financing sources (uses):</b>			
Transfers out	(324)	(3,337)	(113)
<b>Total other financing sources (uses)</b>	<b>(324)</b>	<b>(3,337)</b>	<b>(113)</b>
<b>Net change in fund balances</b>	<b>(1,078)</b>	<b>(4,079)</b>	<b>953</b>
<b>Fund balances at beginning of year</b>	<b>8,318</b>	<b>8,318</b>	<b>8,318</b>
<b>Increase (decrease) in</b>			
Reserve for inventory of materials and supplies		18	18
<b>Fund balances at end of year</b>	<b>\$ 7,240</b>	<b>4,257</b>	<b>9,289</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL Cable TV Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Licenses, permits and franchise fees	\$	19	
Revenue from use of money and property		9	9
<b>Total revenues</b>		<b>28</b>	<b>9</b>
<b>Expenditures:</b>			
Current:			
General government:			
Media and public relation	60	17	23
<b>Total general government</b>	<b>60</b>	<b>17</b>	<b>23</b>
<b>Total expenditures</b>	<b>60</b>	<b>17</b>	<b>23</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(60)</b>	<b>11</b>	<b>(14)</b>
<b>Other financing sources (uses):</b>			
Transfers out		(248)	(248)
<b>Total other financing sources (uses)</b>		<b>(248)</b>	<b>(248)</b>
<b>Net change in fund balances</b>	<b>(60)</b>	<b>(237)</b>	<b>(262)</b>
<b>Fund balances at beginning of year</b>	<b>267</b>	<b>267</b>	<b>267</b>
<b>Increase (decrease) in</b>			
Reserve for inventory of materials and supplies		(5)	(5)
<b>Fund balances at end of year</b>	<b>\$ 207</b>	<b>25</b>	

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### County Library Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 31,110	30,110	28,237
Revenue from use of money and property	261	261	91
Aid from other governmental agencies:			
State	754	848	940
Federal	5	5	24
Other		1,000	1,398
Charges for current services	1,471	1,471	1,059
Other revenue	724	2,937	575
<b>Total revenues</b>	<b>34,325</b>	<b>36,632</b>	<b>32,324</b>
<b>Expenditures:</b>			
Current:			
Education:			
Education	41,628	44,132	36,516
<b>Total education</b>	<b>41,628</b>	<b>44,132</b>	<b>36,516</b>
Capital outlay	25	367	367
<b>Total expenditures</b>	<b>41,653</b>	<b>44,499</b>	<b>36,883</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,328)</b>	<b>(7,867)</b>	<b>(4,559)</b>
<b>Other financing sources (uses):</b>			
Transfers in	2,250	2,769	2,769
Transfers out	(1,727)	(1,722)	(1,682)
<b>Total other financing sources (uses)</b>	<b>523</b>	<b>1,047</b>	<b>1,087</b>
<b>Net change in fund balances</b>	<b>(6,805)</b>	<b>(6,820)</b>	<b>(3,472)</b>
Fund balances at beginning of year	12,963	12,963	12,963
Increase (decrease) in			
Reserve for inventory of materials and supplies		(3)	(3)
<b>Fund balances at end of year</b>	<b>\$ 6,158</b>	<b>6,140</b>	<b>9,488</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### County Service District Funds

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 4,478	4,523	4,288
Revenue from use of money and property	258	286	239
Aid from other governmental agencies:			
State	25	25	35
Other	1,808	1,808	2,945
Charges for current services	7,912	7,917	7,725
Other revenue			10
<b>Total revenues</b>	<b>14,481</b>	<b>14,559</b>	<b>15,242</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government:			
Regional Communication System CSA 135	633	633	623
Regional Communication System CSA 135 Zone B Del Mar	60	60	50
Regional Communication System CSA 135 Zone F Poway	150	150	144
Regional Communications System CSA 135 Zone H Solana Beach	38	38	38
Total general government	881	881	855
Public protection:			
Fire protection, PRD 107 Elfin Forest	369	397	283
Fire protection, PRD 109 MT Laguna	73	73	69
Fire protection, PRD 110 MT Palomar	114	114	111
Fire protection, PRD 111 Boulevard	102	102	86
Fire protection, PRD 112 Campo Fire	113	113	104
Fire protection, PRD 113 San Pasqual	157	157	107
Fire protection, PRD 115 Pepper Drive	364	364	364
Total public protection	1,292	1,320	1,124
Public ways and facilities:			
PRD 10 Davis Dr	33	33	10
PRD 100 Viejas View	26	26	4
PRD 1002 Sunny Acres	21	21	3
PRD 1003 Alamo Way	11	11	4
PRD 1004 Butterfly	12	12	2
PRD 1005 Eden Valley	49	49	4
PRD 1008 Canter	26	26	4
PRD 1009 Golf Drive	2	2	
PRD 101 A Hi-Ridge R	37	37	7
PRD 101 Johnson LK	134	134	6
PRD 1010 Alpine Highlands ZN	178	178	6
PRD 1011 La Cuesta ZN	29	29	4
PRD 1012 8112 Millar	24	24	8
PRD 1013 Singing Trails	79	79	4
PRD 1015 Landavo Drive ET AL	37	37	6
PRD 1016 El Sereno Way	39	37	6
PRD 102 MTN Meadow	270	270	99
PRD 103 Alto Drive	237	237	7
PRD 104 Artesian RO	79	79	6
PRD 105 A Alta Loma D	74	74	5

Continued

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### County Service District Funds

For the Year Ended June 30, 2010 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
PRD 105 Alta Loma D	\$ 58	58	5
PRD 106 Garrison Ay	80	80	6
PRD 11 A Bernardo RD	24	24	5
PRD 11 A Bernardo RD	44	44	27
PRD 11 D Bernardo RD	25	25	5
PRD 117 Legend Rock	25	25	7
PRD 12 Lomair	216	216	8
PRD 123 Mizpah Lane	47	47	5
PRD 125 Wrightwood	75	75	5
PRD 126 Sandhurst W	33	33	4
PRD 127 Singing Trails	46	46	4
PRD 13 A Pala Mesa	260	260	37
PRD 13 B Stewart Canyon	60	60	21
PRD 130 Wilkes Road	168	168	68
PRD 133 Rnch Creek Rd	72	72	4
PRD 134 Kenora Lane	42	42	4
PRD 14 Rancho Diego	3	3	
PRD 16 Wynola	88	88	7
PRD 18 Harrison Park	250	250	12
PRD 20 Daily Road	674	674	36
PRD 21 Pauma Heights	384	384	17
PRD 22 W Dougherty St	18	18	3
PRD 23 Rock Terrce RD	7	12	1
PRD 24 MT Whitney RD	43	43	5
PRD 30 Royal Oaks-CAR	39	39	5
PRD 38 Gay Rio Terrace	69	69	10
PRD 39 Sunbeam Lane	11	11	4
PRD 45 Rincon Springs	43	43	5
PRD 46 Rocosco Road	46	46	6
PRD 49 Sunset Knls RD	45	45	4
PRD 50 Knoll Park LN	114	114	4
PRD 53 Knoll Park LN EX	212	212	5
PRD 54 MT Helix	124	124	19
PRD 55 Rainbow Crest	263	263	80
PRD 6 Pauma Valley	200	200	10
PRD 60 River Drive	86	86	4
PRD 61 GRN Meadow Way	170	170	5
PRD 63 Hillview Road	534	534	275
PRD 64 Lila Lane	14	14	
PRD 70 El Camino Cort	\$ 45	45	4

Continued

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### County Service District Funds

For the Year Ended June 30, 2010 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
PRD 75 A Gay Rio Drive	\$ 217	217	53
PRD 75 B Gay Rio Drive	331	331	5
PRD 76 Kingford CT	26	26	8
PRD 77 Montiel TRK TR	197	197	7
PRD 78 Gardena Ay	35	35	5
PRD 8 Magee RD-PAL	353	353	253
PRD 80 Harris TRK TRL	227	227	6
PRD 88 East Fifth St	63	63	5
PRD 9 B Santa Fe	71	71	6
PRD 90 South Cordov	42	42	5
PRD 94 Roble Grnde	422	422	6
PRD 95 Valle Del Sol	297	297	6
PRD 99 Via Allndra	45	45	5
PRD 1014 Lavender PT Lane	90	90	(1)
Total public ways and facilities	8,570	8,573	1,300
Health and sanitation:			
CSA 17 San Dieguito Ambulance	2,719	2,719	2,639
CSA 69 Heartland Paramedics	5,511	5,511	5,179
PRD 136 Sundance Detention Basin	113	113	17
PRD 122 Otay Mesa East	38	38	37
Total health and sanitation	8,381	8,381	7,872
Recreation and cultural:			
CSA 128 San Miguel Park	504	504	382
CSA 26 LMD Zone 2 Julian	37	37	14
CSA 26 Rancho San Diego	88	145	58
CSA 26 San Diego landscape maintenance	115	130	112
CSA 81 Fallbrook Park	362	382	185
CSA 83 San Dieguito	1,462	1,507	381
CSA 83A 4S Ranch Park	245	295	264
PRD 26 A Cottonwood Village	231	231	184
PRD 26 B Monte Vista	377	377	151
Recreation and cultural:	3,421	3,608	1,731
Capital outlay	235	235	
Debt service:			
Principal	48	48	
Interest and fiscal charges	8	11	11
Total expenditures	22,836	23,057	12,893
Excess (deficiency) of revenues over (under) expenditures	(8,355)	(8,498)	2,349
Other financing sources (uses):			
Transfers in	164	160	158
Transfers out	(1,989)	(2,223)	(1,926)
Total other financing sources (uses)	(1,825)	(2,063)	(1,768)
Net change in fund balances	(10,180)	(10,561)	581
Fund balances at beginning of year	18,045	18,045	18,045
Increase (decrease) in			
Reserve for inventory of materials and supplies		29	29
Fund balances at end of year	\$ 7,865	7,513	18,655

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Edgemoor Development Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Revenue from use of money and property	\$ 515	515	389
<b>Revenues:</b>			
Aid from other governmental agencies:			
Federal	4,055	4,055	
Other revenue			2,682
<b>Total revenues</b>	<b>4,570</b>	<b>4,570</b>	<b>3,071</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government:			
Edgemoor development fund	1,267	1,267	502
<b>Total general government</b>	<b>1,267</b>	<b>1,267</b>	<b>502</b>
<b>Total expenditures</b>	<b>1,267</b>	<b>1,267</b>	<b>502</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,303</b>	<b>3,303</b>	<b>2,569</b>
<b>Other financing sources (uses):</b>			
Sale of capital assets	1,149	1,149	
Transfers in	4,000	4,000	4,000
Transfers out	(8,815)	(8,815)	(8,815)
<b>Total other financing sources (uses)</b>	<b>(3,666)</b>	<b>(3,666)</b>	<b>(4,815)</b>
<b>Net change in fund balances</b>	<b>(363)</b>	<b>(363)</b>	<b>(2,246)</b>
<b>Fund balances at beginning of year</b>	<b>13,909</b>	<b>13,909</b>	<b>13,909</b>
<b>Fund balances at end of year</b>	<b>\$ 13,546</b>	<b>13,546</b>	<b>11,663</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Flood Control District Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 3,834	3,834	4,004
Revenue from use of money and property	100	100	92
Aid from other governmental agencies:			
State			39
Federal			1
Charges for current services	3,228	3,311	631
<b>Total revenues</b>	<b>7,162</b>	<b>7,245</b>	<b>4,767</b>
<b>Expenditures:</b>			
Current:			
Public protection:			
Flood control district	6,393	6,393	3,940
Stormwater Maintenance	8	222	35
<b>Total public protection</b>	<b>6,401</b>	<b>6,615</b>	<b>3,975</b>
Capital outlay	1,948	1,948	1,948
<b>Total expenditures</b>	<b>8,349</b>	<b>8,563</b>	<b>5,923</b>
Excess (deficiency) of revenues over (under) expenditures	(1,187)	(1,318)	(1,156)
Net change in fund balances	(1,187)	(1,318)	(1,156)
Fund balances at beginning of year	23,593	23,593	23,593
Fund balances at end of year	\$ 22,406	22,275	22,437

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    County of San Diego

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Housing Authority Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Revenue from use of money and property	\$ 70	93	1,205
Aid from other governmental agencies:			
Federal	88	113,839	112,726
Other	11	11	162
Charges for current services		4,532	3,189
Other revenue		2,403	556
<b>Total revenues</b>	<b>169</b>	<b>120,878</b>	<b>117,838</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public assistance:			
Other assistance - other budgetary entity	169	120,780	113,512
<b>Total public assistance</b>	<b>169</b>	<b>120,780</b>	<b>113,512</b>
<b>Debt service:</b>			
Principal		146	146
Interest and fiscal charges		30	28
<b>Total expenditures</b>	<b>169</b>	<b>120,956</b>	<b>113,686</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<b>(78)</b>	<b>4,152</b>
<b>Net change in fund balances</b>		<b>(78)</b>	<b>4,152</b>
<b>Fund balances at beginning of year</b>	<b>27,160</b>	<b>27,160</b>	<b>27,160</b>
<b>Fund balances at end of year</b>	<b>\$ 27,160</b>	<b>27,082</b>	<b>31,312</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**Housing and Community Development Fund**

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Aid from other governmental agencies:			
State	\$ 300	300	306
Federal	31,262	53,456	12,598
Other	61	63	171
Other revenue	514	514	134
<b>Total revenues</b>	<b>32,137</b>	<b>54,333</b>	<b>13,209</b>
<b>Expenditures:</b>			
Current:			
Public assistance:			
Housing and community development	32,102	54,295	9,501
<b>Total public assistance</b>	<b>32,102</b>	<b>54,295</b>	<b>9,501</b>
<b>Total expenditures</b>	<b>32,102</b>	<b>54,295</b>	<b>9,501</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>35</b>	<b>38</b>	<b>3,708</b>
<b>Other financing sources (uses):</b>			
Transfers out	(35)	(38)	(38)
<b>Total other financing sources (uses)</b>	<b>(35)</b>	<b>(38)</b>	<b>(38)</b>
<b>Net change in fund balances</b>			<b>3,670</b>
<b>Fund balances at beginning of year</b>	<b>46,462</b>	<b>46,462</b>	<b>46,462</b>
<b>Fund balances at end of year</b>	<b>\$ 46,462</b>	<b>46,462</b>	<b>50,132</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### In Home Supportive Services Public Authority Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Revenue from use of money and property	\$		15
Total revenues			15
<b>Expenditures:</b>			
Current:			
Public assistance:			
IHSS Public authority		13,799	11,934
Total public assistance		13,799	11,934
Total expenditures		13,799	11,934
Excess (deficiency) of revenues over (under) expenditures		(13,799)	(11,919)
<b>Other financing sources (uses):</b>			
Transfers in		13,799	11,917
Total other financing sources (uses)		13,799	11,917
Net change in fund balances			(2)
Fund balances at beginning of year	89	89	89
Fund balances at end of year	\$ 89	89	87

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Inactive Wastesites Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Fines, forfeitures and penalties	\$		33
Revenue from use of money and property	462	462	1,542
Aid from other governmental agencies:			
State	1,872	1,959	1,006
Charges for current services	6,810	6,810	9,793
<b>Total revenues</b>	<b>9,144</b>	<b>9,231</b>	<b>12,374</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Health and sanitation:</b>			
Duck pond landfill cleanup	50	50	13
Hillsborough maintenance	281	282	121
Inactive waste site management	9,310	9,570	7,147
<b>Total health and sanitation</b>	<b>9,641</b>	<b>9,902</b>	<b>7,281</b>
<b>Total expenditures</b>	<b>9,641</b>	<b>9,902</b>	<b>7,281</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(497)</b>	<b>(671)</b>	<b>5,093</b>
<b>Other financing sources (uses):</b>			
Transfers in		174	174
Transfers out	(149)	(149)	(146)
<b>Total other financing sources (uses)</b>	<b>(149)</b>	<b>25</b>	<b>28</b>
<b>Net change in fund balances</b>	<b>(646)</b>	<b>(646)</b>	<b>5,121</b>
<b>Fund balances at beginning of year</b>	<b>64,152</b>	<b>64,152</b>	<b>64,152</b>
<b>Fund balances at end of year</b>	<b>\$ 63,506</b>	<b>63,506</b>	<b>69,273</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Inmate Welfare Program Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Revenue from use of money and property	\$ 3,525	3,525	3,153
Aid from other governmental agencies:			
State	29	29	14
Other revenue	150	150	647
<b>Total revenues</b>	<b>3,704</b>	<b>3,704</b>	<b>3,814</b>
<b>Expenditures:</b>			
Current:			
Public protection:			
Probation inmate welfare	234	234	188
Sheriff's inmate welfare - adult detention	2,541	2,541	2,184
Sheriff's inmate welfare - police protection	18	18	7
<b>Total public protection</b>	<b>2,793</b>	<b>2,793</b>	<b>2,379</b>
Capital outlay	965	965	
<b>Total expenditures</b>	<b>3,758</b>	<b>3,758</b>	<b>2,379</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(54)</b>	<b>(54)</b>	<b>1,435</b>
<b>Other financing sources (uses):</b>			
Sale of capital assets			4
Transfers in	1,854	1,854	1,090
Transfers out	(1,834)	(1,834)	(1,743)
<b>Total other financing sources (uses)</b>	<b>20</b>	<b>20</b>	<b>(649)</b>
<b>Net change in fund balances</b>	<b>(34)</b>	<b>(34)</b>	<b>786</b>
<b>Fund balances at beginning of year</b>	<b>7,153</b>	<b>7,153</b>	<b>7,153</b>
<b>Increase (decrease) in</b>			
Reserve for inventory of materials and supplies		(72)	(72)
<b>Fund balances at end of year</b>	<b>\$ 7,119</b>	<b>7,047</b>	<b>7,867</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Lighting Maintenance District Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 868	868	950
Revenue from use of money and property	9	9	11
Aid from other governmental agencies:			
State	5	5	9
Charges for current services	714	714	724
<b>Total revenues</b>	<b>1,596</b>	<b>1,596</b>	<b>1,694</b>
<b>Expenditures:</b>			
Current:			
Public ways and facilities:			
San Diego Lighting Maintenance	1,776	1,776	1,607
<b>Total public ways and facilities</b>	<b>1,776</b>	<b>1,776</b>	<b>1,607</b>
<b>Total expenditures</b>	<b>1,776</b>	<b>1,776</b>	<b>1,607</b>
Excess (deficiency) of revenues over (under) expenditures	(180)	(180)	87
Net change in fund balances	(180)	(180)	87
Fund balances at beginning of year	1,031	1,031	1,031
Fund balances at end of year	\$ 851	851	1,118

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Other Special Districts Funds

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Fines, forfeitures and penalties	\$ 16	16	15
Revenue from use of money and property	3	3	4
Aid from other governmental agencies:			
State	107	107	
Charges for current services	300	300	119
<b>Total revenues</b>	<b>426</b>	<b>426</b>	<b>138</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public protection:</b>			
Agriculture weights and Measure - Fish and Game	37	37	19
Public works, survey	300	300	190
<b>Total public protection</b>	<b>337</b>	<b>337</b>	<b>209</b>
<b>Public ways and facilities:</b>			
Special Aviation	110	110	
<b>Total public ways and facilities</b>	<b>110</b>	<b>110</b>	
<b>Total expenditures</b>	<b>447</b>	<b>447</b>	<b>209</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(21)</b>	<b>(21)</b>	<b>(71)</b>
<b>Net change in fund balances</b>	<b>(21)</b>	<b>(21)</b>	<b>(71)</b>
<b>Fund balances at beginning of year</b>	<b>718</b>	<b>718</b>	<b>718</b>
<b>Fund balances at end of year</b>	<b>\$ 697</b>	<b>697</b>	<b>647</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Park Land Dedication Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Licenses, permits and franchise fees	\$ 202	202	949
Revenue from use of money and property			105
<b>Total revenues</b>	<b>202</b>	<b>202</b>	<b>1,054</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Recreation and cultural:</b>			
Local Park Planning Area 15 Sweetwater	9	9	
Local Park Planning Area 16 Otay	2	2	
Local Park Planning Area 19 Jamul	13	13	
Local Park Planning Area 20 Spring Valley	4	4	
Local Park Planning Area 25 Lakeside	13	13	4
Local Park Planning Area 26 Crest	5	5	
Local Park Planning Area 27 Alpine	10	10	9
Local Park Planning Area 28 Ramona	20	20	7
Local Park Planning Area 29 Escondido	8	8	1
Local Park Planning Area 30 San Marcos	4	4	
Local Park Planning Area 31 San Dieguito	20	20	13
Local Park Planning Area 32 Carlsbad	3	3	
Local Park Planning Area 35 Fallbrook	22	24	16
Local Park Planning Area 36 Bonsall	5	5	
Local Park Planning Area 37 Vista	4	4	
Local Park Planning Area 38 Valley Center	395	395	92
Local Park Planning Area 39 Pauma	12	12	
Local Park Planning Area 4 Lincoln Acres	4	4	
Local Park Planning Area 40 Palomar-Julian	6	6	3
Local Park Planning Area 41 Mount Empire	5	5	1
Local Park Planning Area 42 Anza-Borrego	5	5	1
Local Park Planning Central Mountain	5	5	1
Local Park Planning Oceanside	1	1	
Local Park Planning Valle de Oro	4	4	1
<b>Total recreation and cultural</b>	<b>579</b>	<b>581</b>	<b>149</b>
<b>Total expenditures</b>	<b>579</b>	<b>581</b>	<b>149</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(377)</b>	<b>(379)</b>	<b>905</b>
<b>Other financing sources (uses):</b>			
Transfers out	(1,318)	(1,999)	(1,156)
<b>Total other financing sources (uses)</b>	<b>(1,318)</b>	<b>(1,999)</b>	<b>(1,156)</b>
<b>Net change in fund balances</b>	<b>(1,695)</b>	<b>(2,378)</b>	<b>(251)</b>
<b>Fund balances at beginning of year</b>	<b>10,202</b>	<b>10,202</b>	<b>10,202</b>
<b>Fund balances at end of year</b>	<b>\$ 8,507</b>	<b>7,824</b>	<b>9,951</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Redevelopment Agency Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 4,068	4,542	4,330
Revenue from use of money and property	231	231	59
Other revenue	50	50	60
<b>Total revenues</b>	<b>4,349</b>	<b>4,823</b>	<b>4,449</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government:			
Gillespie field	636	1,273	1,228
Plant acquisition, CP CO Redevelopment Agy-Gillespie Field	142	392	371
Plant acquisition, CP CO Redevelopment Agy-Upper SD River	4,913	4,913	3,380
Plant acquisition, Redevelopment Agy Gillespie Housing	2,413	2,494	48
Plant acquisition, Redevelopment Agy USDRVR Housing	881	881	61
<b>Total general government</b>	<b>8,985</b>	<b>9,953</b>	<b>5,088</b>
Debt service:			
Principal	159	159	
Interest and fiscal charges			7
<b>Total expenditures</b>	<b>9,144</b>	<b>10,112</b>	<b>5,095</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,795)</b>	<b>(5,289)</b>	<b>(646)</b>
<b>Other financing sources (uses):</b>			
Transfers in	650		
Transfers out	(650)	(1,143)	(1,143)
<b>Total other financing sources (uses)</b>		<b>(1,143)</b>	<b>(1,143)</b>
<b>Net change in fund balances</b>	<b>(4,795)</b>	<b>(6,432)</b>	<b>(1,789)</b>
<b>Fund balances at beginning of year</b>	<b>6,242</b>	<b>6,242</b>	<b>6,242</b>
<b>Fund balances at end of year</b>	<b>\$ 1,447</b>	<b>(190)</b>	<b>4,453</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### Road Fund

For the Year Ended June 30, 2010 (In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Licenses, permits and franchise fees	\$	36	304
Fines, forfeitures and penalties	36		
Revenue from use of money and property	993	993	818
Aid from other governmental agencies:			
State	92,259	115,038	114,101
Federal	16,651	15,774	8,852
Other		225	225
Charges for current services	25,638	28,834	16,336
Other revenue	391	5,290	333
<b>Total revenues</b>	<b>135,968</b>	<b>166,190</b>	<b>140,969</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public ways and facilities:			
Public works, road	93,632	128,002	53,423
Total public ways and facilities	93,632	128,002	53,423
Capital outlay	52,123	52,123	52,053
<b>Total expenditures</b>	<b>145,755</b>	<b>180,125</b>	<b>105,476</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(9,787)</b>	<b>(13,935)</b>	<b>35,493</b>
<b>Other financing sources (uses):</b>			
Transfers in	280	355	355
Transfers out	(4,184)	(4,409)	(3,855)
<b>Total other financing sources (uses)</b>	<b>(3,904)</b>	<b>(4,054)</b>	<b>(3,500)</b>
<b>Net change in fund balances</b>	<b>(13,691)</b>	<b>(17,989)</b>	<b>31,993</b>
<b>Fund balances at beginning of year</b>	<b>83,561</b>	<b>83,561</b>	<b>83,561</b>
<b>Increase (decrease) in</b>			
Reserve for inventory of materials and supplies		(87)	(87)
<b>Fund balances at end of year</b>	<b>\$ 69,870</b>	<b>65,485</b>	<b>115,467</b>



## ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

### AIRPORT FUND

This fund is used to account for the maintenance, operations and development of County airports. A major objective of the airport program is to purchase and develop airport property in order to create tax revenues and create jobs in the private sector.

### SANITATION DISTRICTS FUND

This fund is used to account for the activities of all individual sanitation districts governed by the County Board of Supervisors.

### WASTEWATER MANAGEMENT FUND

This fund is used to account for operational services and support provided to sanitation districts governed by the Board of Supervisors.

# Combining Financial Statements - Nonmajor Enterprise Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    County of San Diego

## COMBINING STATEMENT OF NET ASSETS ENTERPRISE FUNDS

June 30, 2010 (In thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 3,607	73,079	1,611	78,297
Receivables, net	12,659	699	4	13,362
Due from other funds	3	3	260	266
Total current assets	16,269	73,781	1,875	91,925
Noncurrent assets:				
Due from other funds	3,363			3,363
Capital assets:				
Land	10,476	1,069	20	11,565
Construction in progress	15,049	6,137		21,186
Buildings and improvements	97,938	4,215	721	102,874
Equipment	501	594	212	1,307
Road network	6,362			6,362
Sewer network		85,632		85,632
Accumulated depreciation	(26,584)	(35,093)	(595)	(62,272)
Total noncurrent assets	107,105	62,554	358	170,017
Total assets	123,374	136,335	2,233	261,942
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	6,687	436	3	7,126
Accrued payroll	91		108	199
Due to other funds	229	404	70	703
Unearned revenue	37			37
Bonds and loans payable	242			242
Compensated absences	90		98	188
Total current liabilities	7,376	840	279	8,495
Noncurrent liabilities:				
Bonds and loans payable	1,567			1,567
Compensated absences	130		142	272
Total noncurrent liabilities	1,697		142	1,839
Total liabilities	9,073	840	421	10,334
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	101,933	62,554	358	164,845
Unrestricted net assets	12,368	72,941	1,454	86,763
Total net assets	\$ 114,301	135,495	1,812	251,608

# Combining Financial Statements - Nonmajor Enterprise Funds

County of San Diego    Comprehensive Annual Financial Report for the Year Ended June 30, 2010

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS ENTERPRISE FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
Operating revenues:				
Charges for current services	\$ 9,299	19,823	6,616	35,738
Other revenue	7		11	18
Total operating revenues	9,306	19,823	6,627	35,756
Operating expenses:				
Salaries and employee benefits	3,130		3,636	6,766
Repairs and maintenance	2,482	5,166	50	7,698
Equipment rental	431		499	930
Sewage processing		11,119		11,119
Contracted services	3,302		1,013	4,315
Depreciation	2,008	1,468	17	3,493
Utilities	242		3	245
Fuel	9			9
Other operating expenses	584	1,067	275	1,926
Total operating expenses	12,188	18,820	5,493	36,501
Operating income (loss)	(2,882)	1,003	1,134	(745)
Nonoperating revenues (expenses):				
Grants	15,330			15,330
Investment income	301	727	18	1,046
Interest expense	(115)			(115)
Total nonoperating revenues (expenses)	15,516	727	18	16,261
Income (loss) before capital contributions and transfers	12,634	1,730	1,152	15,516
Transfers in		309		309
Transfers out	(274)	(75)	(305)	(654)
Change in net assets	12,360	1,964	847	15,171
Net assets (deficits) at beginning of year	101,941	133,531	965	236,437
Net assets (deficits) at end of year	\$ 114,301	135,495	1,812	251,608

# Combining Financial Statements - Nonmajor Enterprise Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    County of San Diego

## COMBINING STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 9,990	19,771	28	29,789
Cash received from other funds	88	4	6,811	6,903
Cash payments to suppliers	(7,693)	(17,456)	(1,555)	(26,704)
Cash payments to employees	(3,112)		(3,612)	(6,724)
Cash payments to other funds	(754)	(292)	(357)	(1,403)
Net cash provided (used) by operating activities	(1,481)	2,027	1,315	1,861
<b>Cash flows from noncapital financing activities:</b>				
Operating grants	7,934			7,934
Transfers from other funds		309		309
Transfers to other funds	(274)	(75)	(305)	(654)
Net cash provided (used) by non-capital financing activities	7,660	234	(305)	7,589
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(7,439)	(5,828)		(13,267)
Proceeds from sale of assets	8			8
Principal paid on long-term debt	(229)			(229)
Interest paid on long-term debt	(115)			(115)
Net cash provided (used) by capital and related financing activities	(7,775)	(5,828)		(13,603)
<b>Cash flows from investing activities:</b>				
Investment income	309	847	18	1,174
Net increase (decrease) in cash and cash equivalents	(1,287)	(2,720)	1,028	(2,979)
Cash and cash equivalents - beginning of year	4,894	75,799	583	81,276
Cash and cash equivalents - end of year	3,607	73,079	1,611	78,297
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	(2,882)	1,003	1,134	(745)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Decrease (increase) in accounts receivables	748	(52)		696
Decrease (increase) in due from other funds	13	4	212	229
Increase (decrease) in accounts payable	(1,274)	(170)	3	(1,441)
Increase (decrease) in accrued payroll	11		20	31
Increase (decrease) in due to other funds	(123)	(225)	(75)	(423)
Increase (decrease) in unearned revenue	10	(1)		9
Increase (decrease) in compensated absences	8		4	12
Depreciation	2,008	1,468	17	3,493
Total adjustments	1,401	1,024	181	2,606
Net cash provided (used) by operating activities	(1,481)	2,027	1,315	1,861
<b>Non-cash investing and capital financing activities:</b>				
Capital acquisitions included in accounts payable	\$ 6,496	209		6,705

## INTERNAL SERVICE FUNDS

Internal service funds are established to account for services furnished to other county departments and are financed primarily by these service charges. Because they are exempt from budgetary control, they are free to employ commercial accounting techniques, and are often used in situations where a more accurate determination of operating results is desired.

### EMPLOYEE BENEFITS FUND

This fund was established to account for the county's workers' compensation, unemployment insurance and medical insurance activities.

### FACILITIES MANAGEMENT FUND

This fund was established to account for the financing of public service utilities, property management, architectural and engineering services and mail services provided to other county departments on a cost reimbursement basis.

### FLEET SERVICES FUND

This fund was established to account for the financing of General Services' Fleet vehicles provided to other County departments on a cost reimbursement basis.

### INFORMATION TECHNOLOGY FUND

This fund was established to account for the financing of software applications for human resources, payroll, and financial systems as well as telecommunications services provided to other county departments on a cost reimbursement basis.

## OTHER MISCELLANEOUS INTERNAL SERVICE FUND

This fund was established to provide for the financing of clothing and personal sundry items for persons institutionalized at various county facilities.

### PUBLIC LIABILITY INSURANCE FUND

This fund was established to account for all of county's public liability claims and related expenses in compliance with the applicable provisions of the law.

### PURCHASING FUND

This fund accounts for the financing of materials and supplies provided to county departments and provides record storage services; all on a cost reimbursement basis.

### ROAD AND COMMUNICATION EQUIPMENT FUND

This fund was established to account for the financing of public works and communications equipment provided to other county departments on a cost reimbursement basis.

### SPECIAL DISTRICT LOANS FUND

This fund was established to provide financing for start up services for new and existing county service districts on a cost reimbursement basis.

# Combining Financial Statements - Internal Service Funds

## COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

June 30, 2010 (In thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Pooled cash and investments	\$ 99,161	4,210	14,126	14,200	4,364
Receivables, net	199	1,341	146	224	58
Due from other funds	1,554	7,576	2,074	18,835	463
Inventories		310	890		148
Total current assets	100,914	13,437	17,236	33,259	5,033
Noncurrent assets:					
Due from other funds					
Capital assets:					
Construction in progress		341			
Equipment		1,083	95,097		281
Software				63,819	
Accumulated depreciation		(488)	(51,174)	(58,439)	(278)
Total noncurrent assets		936	43,923	5,380	3
Total assets	100,914	14,373	61,159	38,639	5,036
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	3,394	5,123	868	27,322	456
Accrued payroll		694	116		
Accrued interest		4			
Due to other funds	617	1,501	154	1,260	168
Unearned revenue		640	1		
Bonds and loans payable		698			
Capital lease payable		28			
Compensated absences		651	83		
Claims and judgments	22,791				
Total current liabilities	26,802	9,339	1,222	28,582	624
Noncurrent liabilities:					
Bonds and loans payable		4,035			
Capital lease payable		214			
Compensated absences		940	120		
Claims and judgments	72,182				
Total noncurrent liabilities	72,182	5,189	120		
Total liabilities	98,984	14,528	1,342	28,582	624
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt		694	43,923	5,380	3
Unrestricted net assets (deficits)	1,930	(849)	15,894	4,677	4,409
Total net assets (deficits)	\$ 1,930	(155)	59,817	10,057	4,412

Continued

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS**

June 30, 2010 (In thousands)

<b>(Continued)</b>	<b>Public Liability Insurance Fund</b>	<b>Purchasing Fund</b>	<b>Road and Communication Equipment Fund</b>	<b>Special District Loans Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Pooled cash and investments	\$ 34,370	2,493	5,682	762	179,368
Receivables, net	71	5	11		2,055
Due from other funds		561	225	49	31,337
Inventories		2			1,350
Total current assets	34,441	3,061	5,918	811	214,110
Noncurrent assets:					
Due from other funds				98	98
Capital assets:					
Construction in progress					341
Equipment		227	30,636		127,324
Software		2,878			66,697
Accumulated depreciation		(935)	(15,143)		(126,457)
Total noncurrent assets		2,170	15,493	98	68,003
Total assets	34,441	5,231	21,411	909	282,113
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	130	5	133		37,431
Accrued payroll		157			967
Accrued interest					4
Due to other funds	782	109	349		4,940
Unearned revenue					641
Bonds and loans payable					698
Capital lease payable					28
Compensated absences		166			900
Claims and judgments	9,275				32,066
Total current liabilities	10,187	437	482		77,675
Noncurrent liabilities:					
Bonds and loans payable					4,035
Capital lease payable					214
Compensated absences		240			1,300
Claims and judgments	13,851				86,033
Total noncurrent liabilities	13,851	240			91,582
Total liabilities	24,038	677	482		169,257
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt		2,170	15,493		67,663
Unrestricted net assets (deficits)	10,403	2,384	5,436	909	45,193
Total net assets (deficits)	\$ 10,403	4,554	20,929	909	112,856

# Combining Financial Statements - Internal Service Funds

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
Operating revenues:					
Charges for current services	\$ 34,655	95,359	31,434	124,037	4,073
Other revenue	264	1,171	182	206	1,476
Total operating revenues	34,919	96,530	31,616	124,243	5,549
Operating expenses:					
Salaries and employee benefits		23,756	4,399		
Repairs and maintenance		28,851	5,922		5
Equipment rental		153	81		
Contracted services	8,513	7,968	966	120,942	1,498
Depreciation		126	10,777	2,959	1
Utilities		17,423	317		
Cost of material		49	121		1,644
Claims and judgments	26,376				
Fuel		243	8,235		1
Other operating expenses		22,182	935		58
Total operating expenses	34,889	100,751	31,753	123,901	3,207
Operating income (loss)	30	(4,221)	(137)	342	2,342
Nonoperating revenues (expenses):					
Grants		5,166			
Investment income	1,000	6	137		
Interest expense		(143)		(1)	
Gain (loss) on disposal of assets		(15)	(579)		
Total nonoperating revenues (expenses)	1,000	5,014	(442)	(1)	
Income (loss) before capital contributions and transfers	1,030	793	(579)	341	2,342
Capital contributions			1,213		
Transfers in	152	1,402		2,861	
Transfers out		(2,005)	(352)		(1,724)
Change in net assets	1,182	190	282	3,202	618
Net assets (deficits) at beginning of year	748	(345)	59,535	6,855	3,794
Net assets (deficits) at end of year	\$ 1,930	(155)	59,817	10,057	4,412

Continued

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2010 (In Thousands)

<b>(Continued)</b>	<b>Public Liability Insurance Fund</b>	<b>Purchasing Fund</b>	<b>Road and Communication Equipment Fund</b>	<b>Special District Loans Fund</b>	<b>Total Internal Service Funds</b>
Operating revenues:					
Charges for current services	\$ 15,000	5,766	6,235		316,559
Other revenue	519	344			4,162
Total operating revenues	15,519	6,110	6,235		320,721
Operating expenses:					
Salaries and employee benefits		5,371			33,526
Repairs and maintenance		25	2,819		37,622
Equipment rental		884			1,118
Contracted services	7,496	1,206	476		149,065
Depreciation		902	2,218		16,983
Utilities		8			17,748
Cost of material		1			1,815
Claims and judgments	4,175				30,551
Fuel			1,098		9,577
Other operating expenses	5	2,286			25,466
Total operating expenses	11,676	10,683	6,611		323,471
Operating income (loss)	3,843	(4,573)	(376)		(2,750)
Nonoperating revenues (expenses):					
Grants					5,166
Investment income	360	22	48		1,573
Interest expense					(144)
Gain (loss) on disposal of assets		(2)	(51)		(647)
Total nonoperating revenues (expenses)	360	20	(3)		5,948
Income (loss) before capital contributions and transfers	4,203	(4,553)	(379)		3,198
Capital contributions					1,213
Transfers in		6,097	225		10,737
Transfers out		(472)	(174)		(4,727)
Change in net assets	4,203	1,072	(328)		10,421
Net assets (deficits) at beginning of year	6,200	3,482	21,257	909	102,435
Net assets (deficits) at end of year	\$ 10,403	4,554	20,929	909	112,856

# Combining Financial Statements - Internal Service Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2010    County of San Diego

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2010 (In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 264	3,483	949	797	5,143
Cash received from other funds	34,694	92,740	31,222	124,159	
Cash payments to suppliers	(8,141)	(73,019)	(17,408)	(120,083)	(2,957)
Cash payments to employees		(23,867)	(4,492)		
Cash payments to other funds	(1,573)	(2,615)	(1,153)	(1,260)	(265)
Cash paid for judgments and claims	(19,966)				
Net cash provided (used) by operating activities	5,278	(3,278)	9,118	3,613	1,921
Cash flows from noncapital financing activities:					
Operating grants		6,432			
Transfers from other funds	152	1,402		2,861	
Transfers to other funds		(2,005)	(352)		(1,724)
Advances to other funds					
Principal paid on long-term debt		(522)			
Interest paid on long-term debt		(129)			
Proceeds from loans		1,028			
Net cash provided (used) by non-capital financing activities	152	6,206	(352)	2,861	(1,724)
Cash flows from capital and related financing activities:					
Capital contributions			146		
Acquisition of capital assets		(639)	(2,924)	(5,383)	
Proceeds from sale of assets		2	961		
Principal paid on capital lease		(26)			
Interest paid on capital lease		(14)			
Net cash provided (used) by capital and related financing activities		(677)	(1,817)	(5,383)	
Cash flows from investing activities:					
Investment income	1,129	6	137		
Net increase (decrease) in cash and cash equivalents	6,559	2,257	7,086	1,091	197
Cash and cash equivalents - beginning of year	92,602	1,953	7,040	13,109	4,167
Cash and cash equivalents - end of year	99,161	4,210	14,126	14,200	4,364
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	30	(4,221)	(137)	342	2,342
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivables		(151)	(4)	1,994	58
Decrease (increase) in due from other funds	(147)	(489)	560	(4,172)	(463)
Decrease (increase) in inventory		64	332		
Increase (decrease) in accounts payable	558	316	(2,306)	1,230	240
Increase (decrease) in accrued payroll		103	6		
Increase (decrease) in due to other funds	(1,573)	827	(13)	1,260	(257)
Increase (decrease) in unearned revenue		333			
Increase (decrease) in compensated absences		(186)	(97)		
Increase (decrease) in claims and judgments	6,410				
Depreciation		126	10,777	2,959	1
Total adjustments	5,248	943	9,255	3,271	(421)
Net cash provided (used) by operating activities	5,278	(3,278)	9,118	3,613	1,921
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			10	2,956	
Acquisition of capital leased asset		268			
Governmental contributions of capital assets	\$		1,067		

Continued

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2010 (In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 519	347			11,502
Cash received from other funds	15,057	5,883	6,012		309,767
Cash payments to suppliers	(7,729)	(1,396)	(537)		(231,270)
Cash payments to employees		(5,377)			(33,736)
Cash payments to other funds	(123)	(3,000)	(4,125)		(14,114)
Cash paid for judgments and claims	(1,014)				(20,980)
Net cash provided (used) by operating activities	6,710	(3,543)	1,350		21,169
Cash flows from noncapital financing activities:					
Operating grants					6,432
Transfers from other funds		6,097	225		10,737
Transfers to other funds		(472)	(174)		(4,727)
Advances to other funds	59			48	107
Principal paid on long-term debt					(522)
Interest paid on long-term debt					(129)
Proceeds from loans					1,028
Net cash provided (used) by non-capital financing activities	59	5,625	51	48	12,926
Cash flows from capital and related financing activities:					
Capital contributions					146
Acquisition of capital assets		(2,878)	(2,789)		(14,613)
Proceeds from sale of assets		2	488		1,453
Principal paid on capital lease					(26)
Interest paid on capital lease					(14)
Net cash provided (used) by capital and related financing activities		(2,876)	(2,301)		(13,054)
Cash flows from investing activities:					
Investment income	392	30	62		1,756
Net increase (decrease) in cash and cash equivalents	7,161	(764)	(838)	48	22,797
Cash and cash equivalents - beginning of year	27,209	3,257	6,520	714	156,571
Cash and cash equivalents - end of year	34,370	2,493	5,682	762	179,368
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	3,843	(4,573)	(376)		(2,750)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivables		2			1,899
Decrease (increase) in due from other funds	6	119	(223)		(4,809)
Decrease (increase) in inventory		1			397
Increase (decrease) in accounts payable	(178)	(1)	(211)		(352)
Increase (decrease) in accrued payroll		18			127
Increase (decrease) in due to other funds	(122)	(6)	(58)		58
Increase (decrease) in unearned revenue					333
Increase (decrease) in compensated absences		(5)			(288)
Increase (decrease) in claims and judgments	3,161				9,571
Depreciation		902	2,218		16,983
Total adjustments	2,867	1,030	1,726		23,919
Net cash provided (used) by operating activities	6,710	(3,543)	1,350		21,169
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			130		3,096
Acquisition of capital leased asset					268
Governmental contributions of capital assets	\$				1,067



## INVESTMENT TRUST FUNDS

Investment trust funds are used to account for investments held on behalf of external entities in either the County pool or specific investments. These assets are held in a fiduciary capacity and accordingly, net assets reported in the Investment Trust funds are held in trust for pool participants and individual investment accounts.

### POOLED INVESTMENTS - INVESTMENT TRUST FUND

This fund was established to account for the external portion of the County Treasurer's investment pool in which the County; its component units and legally separate governments commingle or pool their resources in an investment pool.

### SPECIFIC INVESTMENTS - INVESTMENT TRUST FUND

This Fund was created for the purpose of reporting individual investments which are offered as an alternative to a pooled position. It includes specific investments for external entities.

# Combining Financial Statements - Investment Trust Funds

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS Investment Trust Funds

June 30, 2010 (In Thousands)

	Pooled Investments - Investment Trust	Specific Investments - Investment Trust	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 2,982,687		2,982,687
Investments with fiscal agents		156,034	156,034
Receivables:			
Investment income receivable	6,804	27	6,831
Total assets	2,989,491	156,061	3,145,552
<b>NET ASSETS</b>			
Held in trust for pool participants	2,989,491		2,989,491
Held in trust for individual investment accounts		156,061	156,061
Total held in trust	\$ 2,989,491	156,061	3,145,552

# Combining Financial Statements - Investment Trust Funds

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS Investment Trust Funds

For the Year Ended June 30, 2010 (In Thousands)

	Pooled Investments - Investment Trust	Specific Investments - Investment Trust	Total
<b>ADDITIONS</b>			
Contributions:			
Contributions to investments	\$ 5,197,720	105,740	5,303,460
Total contributions	5,197,720	105,740	5,303,460
Investment earnings:			
Net increase (decrease) in fair value of Investments	(1,941)	91	(1,850)
Investment income	33,839	10,066	43,905
Total investment earnings	31,898	10,157	42,055
Total additions	5,229,618	115,897	5,345,515
<b>DEDUCTIONS</b>			
Distributions from investments	5,790,048	183,720	5,973,768
Total deductions	5,790,048	183,720	5,973,768
Change in net assets	(560,430)	(67,823)	(628,253)
Net assets at beginning of year	3,549,921	223,884	3,773,805
Net assets at end of year	\$ 2,989,491	156,061	3,145,552



## AGENCY FUNDS

Agency funds are used to account for situations where the County's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, assets reported in the agency funds are offset by a liability to the party on whose behalf they are held.

### PROPERTY TAX COLLECTIONS FUNDS

These funds are used for recording the collection and distribution of property taxes.

### OTHER AGENCY FUNDS

These funds maintain assets held in an agent capacity for other governments, organizations and individuals. These assets do not support the county's programs or services. Any portion of agency fund assets held at fiscal year end for other funds are reported in those funds rather than in the agency funds.

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES Agency Funds

For the Year Ended June 30, 2010 (In Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
<b>PROPERTY TAX COLLECTION FUNDS</b>				
<b>ASSETS</b>				
Pooled cash and investments	\$ 55,458	15,711,964	15,710,963	56,459
Accounts receivable		5,955	5,955	
Investment income receivable	896	5,914	6,288	522
Taxes receivable		5,586,783	5,586,783	
Total assets	56,354	21,310,616	21,309,989	56,981
<b>LIABILITIES</b>				
Accounts payable	1,316	1,917,193	1,918,376	133
Due to other governments	55,038	20,482,378	20,480,568	56,848
Total liabilities	56,354	22,399,571	22,398,944	56,981
<b>OTHER AGENCY FUNDS</b>				
<b>ASSETS</b>				
Pooled cash and investments	303,496	19,473,470	19,481,578	295,388
Cash with fiscal agents	4,998	19,447	22,760	1,685
Accounts receivable	539	327	584	282
Investment income receivable	3,801	57,660	55,338	6,123
Other receivables		20,722	20,722	
Total assets	312,834	19,571,626	19,580,982	303,478
<b>LIABILITIES</b>				
Accounts payable	24,239	2,831,331	2,832,552	23,018
Warrants outstanding	180,147	9,156,814	9,165,754	171,207
Accrued payroll		39	1	38
Due to other governments	108,448	2,000,652	1,999,885	109,215
Total liabilities	312,834	13,988,836	13,998,192	303,478
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Pooled cash and investments	358,954	35,185,434	35,192,541	351,847
Cash with fiscal agents	4,998	19,447	22,760	1,685
Accounts receivable	539	6,282	6,539	282
Investment income receivable	4,697	63,574	61,626	6,645
Taxes receivable		5,586,783	5,586,783	
Other receivables		20,722	20,722	
Total assets	369,188	40,882,242	40,890,971	360,459
<b>LIABILITIES</b>				
Accounts payable	25,555	4,748,524	4,750,928	23,151
Warrants outstanding	180,147	9,156,814	9,165,754	171,207
Accrued payroll		39	1	38
Due to other governments	163,486	22,483,030	22,480,453	166,063
Total liabilities	\$ 369,188	36,388,407	36,397,136	360,459



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# Statistical Section

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## INTRODUCTION

Government Accounting Standards Board (GASB) Statement 44 “Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)” requires that certain detailed statistical information be presented in this section, typically in ten-year trends, to assist users in utilizing the basic financial statements, notes to the financial statements, and required supplementary information in order to assess the economic condition of the County. Provisions of this Statement require that governments preparing this statistical section are encouraged but not required, to report all years of information retroactively.

In this regard, when available, ten year trend information has been provided. When accounting data or other information is unavailable, statistical tables are footnoted to indicate as such. Generally, information was unavailable due to the following:

- ♦ Accounting data used in the preparation of the Comprehensive Annual Financial Reports prior to the County's implementation of changes in accounting and presentation called for in GASB Statement 34 “Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,” (implemented by the County in Fiscal Year 2002) was not archived in such a manner to enable a retroactive restatement of previous years accounting data.
- ♦ Non-accounting trend data called for by Statement 44 which was significantly different than data reported in previous fiscal years' statistical tables was either not available from external sources in the format required or was not available in internal archived data.

## FINANCIAL TRENDS ..... 144

*These Tables contain information to help the reader understand how the County's financial performance and well-being have changed over time.*

## REVENUE CAPACITY ..... 149

*These Tables contain information to help the reader assess the County's most significant local revenue source, the property tax.*

## DEBT CAPACITY ..... 153

*These Tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.*

## DEMOGRAPHIC AND ECONOMIC INFORMATION ..... 157

*These Tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.*

## OPERATING INFORMATION ..... 159

*These Tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.*

**Sources:** Unless otherwise noted, the information in the following tables is derived from the comprehensive annual financial reports for the relevant year.

Table 1

County of San Diego  
Net Assets by Component  
Last Nine Fiscal Years (1)  
(Accrual Basis of Accounting)  
(In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Net assets</b>					
Governmental activities					
Invested in capital assets, net of related debt	\$ 2,178,892	2,261,697	2,324,806	2,341,126	2,367,442
Restricted	148,489	243,815	169,983	223,565	224,635
Unrestricted	271,909	(317,357)	(668,868)	(541,048)	(197,916)
Total governmental activities net assets	2,599,290	2,188,155	1,825,921	2,023,643	2,394,161
Business-type activities					
Invested in capital assets, net of related debt	66,026	71,293	78,485	84,416	97,212
Restricted	34,151	15			
Unrestricted	44,495	80,359	79,358	76,310	81,125
Total business-type activities net assets	144,672	151,667	157,843	160,726	178,337
Primary government					
Invested in capital assets, net of related debt	2,244,918	2,332,990	2,403,291	2,425,542	2,464,654
Restricted	182,640	243,830	169,983	223,565	224,635
Unrestricted	316,404	(236,998)	(589,510)	(464,738)	(116,791)
Total primary government net assets	\$ 2,743,962	2,339,822	1,983,764	2,184,369	2,572,498
	2007	2008	2009	2010	
<b>Net assets</b>					
Governmental activities					
Invested in capital assets, net of related debt	\$ 2,409,050	2,468,142	2,582,854	2,595,105	
Restricted	162,318	181,198	314,107	247,585	
Unrestricted	178,231	351,326	319,669	535,103	
Total governmental activities net assets	2,749,599	3,000,666	3,216,630	3,377,793	
Business-type activities					
Invested in capital assets, net of related debt	112,549	126,237	148,146	164,845	
Restricted					
Unrestricted	84,779	92,686	88,909	87,254	
Total business-type activities net assets	197,328	218,923	237,055	252,099	
Primary government					
Invested in capital assets, net of related debt	2,521,599	2,594,379	2,731,000	2,759,950	
Restricted	162,318	181,198	314,107	247,585	
Unrestricted	263,010	444,012	408,578	622,357	
Total primary government net assets	\$ 2,946,927	3,219,589	3,453,685	3,629,892	

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section

Table 2

County of San Diego  
Changes in Net Assets  
For the Last Nine Fiscal Years (1)  
(Accrual Basis of Accounting)  
(In Thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
Governmental activities									
General government	\$ 170,908	234,062	234,759	232,826	240,158	249,993	298,607	275,508	304,305
Public protection	823,520	1,140,484	1,173,532	960,227	1,021,464	1,079,320	1,180,114	1,158,162	1,091,910
Public ways and facilities	168,202	142,356	160,344	122,797	128,268	133,148	144,452	151,125	131,982
Health and sanitation	547,200	598,189	564,796	545,805	559,709	580,384	638,869	678,217	681,448
Public assistance	825,028	1,035,065	1,052,911	972,592	1,015,481	1,043,454	1,114,453	1,177,320	1,171,603
Education	24,119	30,850	31,722	27,394	32,488	33,223	36,355	42,424	39,165
Recreation and cultural	18,021	23,520	26,493	21,405	23,376	28,469	33,941	34,542	33,629
Interest on long-term debt	68,771	87,627	91,897	106,612	116,692	146,997	119,138	118,927	111,942
Total governmental activities expenses	2,645,769	3,292,153	3,336,454	2,989,658	3,137,636	3,294,988	3,565,929	3,636,225	3,565,984
Business-type activities									
Airport	7,973	7,125	7,373	8,117	7,699	8,209	8,848	10,614	12,389
Wastewater Management	3,808	4,357	4,005	5,076	4,733	4,422	5,320	16,666	5,523
Transit (2)	17,085								
Sanitation Districts	15,306	15,216	15,828	20,564	15,133	15,620	17,574	5,794	18,831
Total business-type activities expenses	44,172	26,698	27,206	33,757	27,565	28,251	31,742	33,074	36,743
Total primary government expenses	2,689,941	3,318,851	3,363,660	3,023,415	3,165,201	3,323,239	3,597,671	3,669,299	3,602,727
<b>Program revenues</b>									
Governmental activities									
Charges for services:									
General government	94,805	121,070	93,143	84,769	99,083	98,365	130,645	93,939	90,503
Public protection	166,900	170,221	206,679	229,150	202,941	201,332	217,953	215,343	204,405
Other activities	119,291	117,569	122,139	100,465	153,535	153,717	137,020	133,834	150,461
Operating grants and contributions	1,724,847	1,873,493	1,914,614	1,867,829	2,067,803	2,113,585	2,152,380	2,181,366	2,192,591
Capital grants and contributions	30,128	40,587	67,357	32,303	5,283	7,559	24,474	60,703	33,246
Total governmental activities program revenues	2,135,971	2,322,940	2,403,932	2,314,516	2,528,645	2,574,558	2,662,472	2,685,185	2,671,206
Business-type activities									
Charges for services:									
Airport	5,479	7,396	6,734	8,345	7,433	9,367	16,097	9,397	9,299
Wastewater management	4,106	4,496	5,447	5,357	4,322	4,662	5,318	6,567	6,616
Transit (2)	17,047								
Sanitation districts	15,713	15,444	15,765	16,949	17,251	17,995	20,060	20,114	19,823
Operating grants and contributions	5,763	3,769	4,153	3,700	9,994	8,257	7,725	12,974	15,330
Capital grants and contributions	501	839	1,539	1,036	58	464			
Total business-type program revenues	48,609	31,944	33,638	35,387	39,058	40,745	49,200	49,052	51,068
Total primary government program revenues	2,184,580	2,354,884	2,437,570	2,349,903	2,567,703	2,615,303	2,711,672	2,734,237	2,722,274
<b>Net (Expense) Revenue</b>									
Governmental activities	(509,798)	(969,213)	(932,522)	(675,142)	(608,991)	(720,430)	(903,457)	(951,040)	(894,778)
Business-type activities	4,437	5,246	6,432	1,630	11,493	12,494	17,458	15,978	14,325
Total primary government net (expense) revenue	\$ (505,361)	(963,967)	(926,090)	(673,512)	(597,498)	(707,936)	(885,999)	(935,062)	(880,453)

(Table continued on next page)

Table 2

**County of San Diego**  
**Changes in Net Assets**  
**For the Last Nine Fiscal Years (1)**  
**(Accrual Basis of Accounting)**  
**(In Thousands)**

(Continued)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General revenues and other changes in net assets</b>									
Governmental activities									
Taxes:									
Property taxes	\$ 412,400	459,340	496,917	441,716	516,569	559,726	637,491	618,048	593,553
Other taxes	5,011	3,964	4,200	96,927	34,219	26,760	20,374	15,167	15,991
Intergovernmental unrestricted:									
Property taxes in lieu of VLF (3)				203,788	261,695	277,930	303,348	316,925	308,842
Sales and use taxes	48,414	50,898	50,046	8,524	23,475	26,534	24,872	22,435	20,576
Investment income	38,166	30,213	18,452	38,066	63,810	88,974	87,554	57,859	30,941
Other general revenues				83,079	78,651	95,343	80,804	118,929	85,693
Total governmental general revenues	503,991	544,415	569,615	872,100	978,419	1,075,267	1,154,443	1,149,363	1,055,596
Special Item: gain or loss on sale of properties	1,054	474							
Transfers	359	(160)	673	764	1,090	601	81	151	345
Total governmental activities	505,404	544,729	570,288	872,864	979,509	1,075,868	1,154,524	1,149,514	1,055,941
Business-type activities									
Investment Income	2,694	1,437	417	1,730	7,048	4,189	4,113	2,237	1,046
Other general revenues		27		287	160	2,909	105	68	18
Total business-type general revenues	2,694	1,464	417	2,017	7,208	7,098	4,218	2,305	1,064
Special Item: gain or loss on sale of properties	(5,145)								
Transfers	(359)	160	(673)	(764)	(1,090)	(601)	(81)	(151)	(345)
Total business-type activities	(2,810)	1,624	(256)	1,253	6,118	6,497	4,137	2,154	719
Total primary government	502,594	546,353	570,032	874,117	985,627	1,082,365	1,158,661	1,151,668	1,056,660
<b>Change in net assets</b>									
Governmental activities	(4,394)	(424,484)	(362,234)	197,722	370,518	355,438	251,067	198,474	161,163
Business-type activities	1,627	6,870	6,176	2,883	17,611	18,991	21,595	18,132	15,044
Total change in net assets	\$ (2,767)	(417,614)	(356,058)	200,605	388,129	374,429	272,662	216,606	176,207

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section

(2) County Transit System was divested on June 28, 2002 to the San Diego Metropolitan Transit Development Board

(3) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue

Table 3

**County of San Diego**  
**Fund Balances Governmental Funds**  
**Last Ten Fiscal Years**  
**(In Thousands)**

	Fiscal Year				
	2001	2002	2003	2004	2005
General Fund					
Reserved	\$ 267,091	215,197	210,277	213,292	291,832
Unreserved	351,193	355,155	388,384	337,708	375,626
Total general fund	618,284	570,352	598,661	551,000	667,458
All Other Governmental Funds					
Reserved	267,661	251,704	294,793	208,900	284,316
Unreserved, reported in:					
Special Revenue Funds (1)	215,458	485,565	447,612	523,399	481,792
Capital Projects Funds	22,375	14,418	9,771	10,864	84,389
Total other governmental funds	\$ 505,494	751,687	752,176	743,163	850,497
	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 272,936	410,244	273,231	266,434	162,257
Unreserved	625,949	744,838	947,235	923,604	1,057,851
Total general fund	898,885	1,155,082	1,220,466	1,190,038	1,220,108
All Other Governmental Funds					
Reserved	278,878	274,024	199,472	213,984	175,900
Unreserved, reported in:					
Special Revenue Funds (1)	633,430	624,996	672,652	668,626	705,469
Capital Projects Funds	65,452	73,923	30,210	157,221	89,926
Total other governmental funds	\$ 977,760	972,943	902,334	1,039,831	971,295

(1) The increase in the unreserved fund balance of special revenue funds was principally due to the proceeds received from the issuance of San Diego County Tobacco Securitization Corporation Series Tobacco Settlement Asset Backed Bonds in 2002 and 2006.

Table 4

**County of San Diego**  
**Changes in Fund Balances Governmental Funds**  
**Last Nine Fiscal Years (1)**  
**(Modified Accrual Basis of Accounting)**  
**(In Thousands)**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>									
Taxes	\$ 409,969	446,835	497,178	717,174	1,102,032	1,146,937	971,616	973,899	946,324
Licenses, permits and franchise fees	37,808	39,335	42,252	42,954	41,824	43,807	45,257	49,990	47,578
Fines, forfeitures and penalties	39,691	41,236	46,495	55,538	60,071	58,355	63,014	59,348	57,869
Revenue from use of money and property	45,567	40,733	25,867	50,811	76,608	93,246	137,963	70,911	46,100
Aid from other governmental agencies:									
State	1,139,344	1,231,904	1,201,278	1,080,663	867,063	927,850	1,169,642	1,161,312	1,136,756
Federal	574,002	632,241	701,057	729,725	793,039	820,851	908,582	858,066	963,285
Other	57,777	66,116	69,860	74,272	94,866	100,323	79,066	144,205	102,708
Charges for current services	251,018	266,574	277,637	286,631	314,021	325,049	312,018	316,214	318,283
Other revenue	70,203	70,065	65,913	84,410	67,419	76,680	73,745	111,431	81,219
Total revenues	2,625,379	2,835,039	2,927,537	3,122,178	3,416,943	3,593,098	3,760,903	3,745,376	3,700,122
<b>Expenditures:</b>									
General government	156,517	209,874	216,183	211,521	199,349	233,471	277,286	249,324	205,456
Public protection	809,185	1,145,171	1,216,276	939,070	1,014,653	1,065,984	1,145,807	1,133,843	1,063,890
Public ways and facilities	95,936	123,202	115,426	84,560	67,145	74,319	80,051	85,802	66,393
Health and sanitation	548,627	600,525	562,657	541,921	556,165	577,389	633,382	669,725	675,256
Public assistance	827,229	1,037,467	1,053,545	970,208	1,011,315	1,043,293	1,111,701	1,172,400	1,169,287
Education	24,005	31,013	31,308	27,119	32,043	32,961	35,569	41,461	37,422
Recreation and cultural	16,514	20,805	24,702	19,614	22,964	26,774	32,042	32,561	29,982
Total CAFR Governmental functions	2,478,013	3,168,057	3,220,097	2,794,013	2,903,634	3,054,191	3,315,838	3,385,116	3,247,686
Capital outlay	72,341	83,748	54,958	54,157	109,897	138,017	157,818	179,662	205,512
Debt service:									
Principal	101,538	88,846	69,839	60,849	57,245	73,816	184,614	112,275	169,059
Interest and fiscal charges	67,773	73,747	92,503	94,556	109,491	116,095	107,631	103,831	101,036
Bond issuance costs			4,095	1,915	6,172	885		3,959	739
Payment to refunded bond escrow agent					24,256				15,377
Total expenditures	2,719,665	3,414,398	3,441,492	3,005,490	3,210,695	3,383,004	3,765,901	3,784,843	3,739,409
Excess (deficiency) of revenues over (under) expenditures	(94,286)	(579,359)	(513,955)	116,688	206,248	210,094	(4,998)	(39,467)	(39,287)
<b>Other financing sources (uses)</b>									
Sale of capital assets	2,230	474	4,044	18,400	12,355	1,601	68	31	365
Issuance of bonds and loans:									
Face value of bonds issued				83,510	166,611	42,390		136,885	
Face value of loans issued				160		462			
Discount on issuance of bonds					(20,501)				
Premium on issuance of bonds				5,960	1,308	606		1,175	7,803
Long-term debt proceeds	411,913	560,886	454,179						
Refunding bonds issued	65,319	176,890		28,885	461,230			443,515	80,940
Payment to escrow agent/refunded bond	(66,254)	(176,890)		(31,633)	(467,458)			(441,038)	(83,173)
Transfers in	1,188,505	768,997	776,167	819,490	867,973	512,386	594,512	525,424	452,018
Transfers (out)	(1,196,995)	(773,145)	(777,180)	(819,627)	(868,908)	(514,680)	(594,882)	(525,689)	(457,683)
Total other financing sources (uses)	404,718	557,212	457,210	105,145	152,610	42,765	(302)	140,303	270
Net change in fund balances	\$ 310,432	(22,147)	(56,745)	221,833	358,858	252,859	(5,300)	100,836	(39,017)
Debt service as a percentage of noncapital expenditures	6.40%	4.88%	4.79%	5.27%	5.38%	5.85%	8.10%	5.99%	7.64%

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section

Table 5

County of San Diego  
Assessed Value of Taxable Property (1)  
Last Ten Fiscal Years  
(In Thousands)

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured		
2001	\$ 187,297,036	\$ 2,144,396	\$ 3,897,721	\$ 7,701,247	\$ 4,646,122	\$ 676,798	\$ 195,717,480	1.00000
2002	205,354,845	2,127,362	3,926,419	8,749,368	4,872,712	801,613	214,483,669	1.00000
2003	224,113,067	2,450,811	3,263,353	8,509,857	5,121,115	353,596	232,862,377	1.00000
2004	247,063,576	2,728,490	3,007,787	8,941,840	5,961,964	780,078	254,999,651	1.00000
2005	273,700,150	2,645,348	2,951,588	8,852,828	6,504,638	827,514	280,817,762	1.00000
2006	310,318,786	2,748,781	3,273,999	9,533,091	6,958,731	957,441	317,958,485	1.00000
2007	347,969,648	3,380,284	2,461,837	10,739,964	7,500,343	1,053,199	355,998,191	1.00000
2008	381,485,632	3,321,363	3,528,453	10,387,757	8,219,783	1,207,922	389,295,500	1.00000
2009	398,804,220	3,411,110	3,604,712	10,891,875	9,043,072	1,293,899	406,374,946	1.00000
2010	389,083,154	3,261,524	3,597,697	11,596,968	9,779,505	1,465,316	396,294,522	1.00000

(1) Due to the passage of Proposition 13 (Prop 13) in 1978, the County does not track the estimated actual value of real and personal properties; therefore, assessed value as a percentage of actual value is not applicable. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value.

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 6

**County of San Diego  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Fiscal Year	Overlapping Rates (2)				Total Direct & Overlapping Rates
	County of San Diego (1)	Cities	Schools	Special Districts	
2001	1.000	0.004	0.047	0.011	1.062
2002	1.000	0.004	0.048	0.009	1.061
2003	1.000	0.004	0.054	0.008	1.066
2004	1.000	0.003	0.062	0.007	1.072
2005	1.000	0.004	0.062	0.006	1.072
2006	1.000	0.004	0.059	0.008	1.071
2007	1.000	0.005	0.055	0.009	1.069
2008	1.000	0.005	0.058	0.009	1.072
2009	1.000	0.004	0.050	0.007	1.061
2010	1.000	0.004	0.063	0.008	1.075

(1) The \$1.00 per \$100 of Assessed Value (Proposition 13) tax rate beginning in Fiscal Year 1979 is distributed according to State Law on a percentage basis to each of the eligible taxing agencies in the County.

(2) Overlapping rates for cities, schools and special districts are chargeable to property owners within their respective tax rate areas (TRA). Overlapping rates do not apply to all property owners (e.g., the rates for special districts apply only to property owners whose property is located within the geographic boundary (TRA) of the special district).

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 7

County of San Diego  
Principal Property Taxpayers  
June 30, 2010  
(In Thousands)

Taxpayer	2010			2001		
	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value
San Diego Gas & Electric Company	\$ 4,551,734	1	1.16%	\$ 2,452,296	1	1.28%
San Diego Family Housing LLC	1,881,324	2	0.48%			
Irvine Co.	1,714,185	3	0.44%			
Southern California Edison Co.	1,504,497	4	0.38%	1,665,319	2	0.87%
Camp Pendleton & Quantico Housing LLC	1,412,065	5	0.36%			
Kilroy Realty LLP	1,386,278	6	0.35%	310,616	6	0.16%
Qualcomm Inc	1,150,589	7	0.29%	435,801	4	0.23%
Pacific Bell Telephone Company	863,063	8	0.22%	1,339,551	3	0.70%
Arden Realty LLP	832,912	9	0.21%			
O C/S D Holdings LLC	637,757	10	0.16%			
Equitable Life Assurance Society				351,262	5	0.18%
Calwest Industrial Properties				300,160	7	0.16%
Cabrillo Power				298,577	8	0.16%
L-O Coronado Holding II Inc				277,670	9	0.15%
Sea World Inc				265,000	10	0.14%
Totals	\$ 15,934,404		4.05%	\$ 7,696,252		4.03%

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 8

**County of San Diego**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(In Thousands)

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collections within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2001	\$ 1,957,175	\$ 1,925,872	98.40%	\$ 26,441	\$ 1,952,313	99.75%
2002	2,144,837	2,110,686	98.41%	27,000	2,137,686	99.67%
2003	2,328,624	2,291,331	98.40%	27,556	2,318,887	99.58%
2004	2,549,997	2,512,209	98.52%	27,935	2,540,144	99.61%
2005	2,808,178	2,759,201	98.26%	40,814	2,800,015	99.71%
2006	3,179,585	3,110,799	97.84%	59,648	3,170,447	99.71%
2007	3,559,982	3,454,709	97.04%	89,224	3,543,933	99.55%
2008	3,892,955	3,739,090	96.05%	119,741	3,858,831	99.12%
2009	4,063,749	3,903,633	96.06%	91,476	3,995,109	98.31%
2010	3,962,945	3,821,278	96.43%	N/A	3,821,278	96.43%

(1) Includes secured, unsecured and unitary tax levy for the County and school districts, cities and special districts under the supervision of independent governing boards.

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 9

County of San Diego  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

(In Thousands, Except Per Capita Amount)

	Fiscal Year					
	2001	2002	2003	2004	2005	
Governmental Activities:						
Certificates of Participation & Lease Revenue Bonds	\$	466,450	433,790	395,285	344,365	393,395
Redevelopment Agency		4,770	4,655	4,530	4,400	4,260
Tobacco			403,868	449,235	440,305	430,350
Pension Obligation Bonds		317,345	282,900	824,395	1,268,878	1,252,243
Capital and retrofit loans		4,490	4,277	7,088	5,750	7,316
Capitalized Leases		76,525	46,604	40,860	37,346	34,625
Business-Type Activities:						
Capital Loans				2,998		2,926
Sanitation Loans		225	200	195	195	
Capitalized Leases		6,486				
Total Primary Government	\$	876,291	1,176,294	1,721,588	2,104,237	2,125,115
Percentage of Personal Income (1)		0.90%	1.17%	1.65%	1.86%	1.79%
Per Capita (1)	\$	306	405	589	717	722
	Fiscal Year					
	2006	2007	2008	2009	2010	
Governmental Activities:						
Certificates of Participation & Lease Revenue Bonds	\$	356,690	364,355	330,055	469,970	422,260
Redevelopment Agency		16,000	15,640	15,320	14,985	14,640
Tobacco		583,904	584,137	580,820	574,610	574,157
Pension Obligation Bonds		1,238,405	1,206,887	1,068,200	1,005,955	874,336
Capital and retrofit loans		8,098	7,920	7,043	7,043	7,404
Capitalized Leases		31,894	29,623	27,590		242
Business-Type Activities:						
Capital Loans		2,745	2,551	2,255	2,038	1,809
Total Primary Government	\$	2,237,736	2,211,113	2,031,283	2,074,601	1,894,848
Percentage of Personal Income (1)		1.77%	1.66%	1.41%	1.54%	1.38%
Per Capita (1)	\$	759	743	646	651	588

(1) See Table 13 Demographic and Economic Statistics

Table 10

**County of San Diego**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(In Thousands, Except Per Capita Amount)

Fiscal Year	Certificates of Participation & Lease Revenue Bonds	Less: Amounts Available in Debt Service Fund	Net Certificates of Participation	Pension Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Pension Obligation Bonds	Total Net Bonded Debt	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2001	\$ 466,450	\$ 37,002	\$ 429,448	\$ 317,345	\$ 143	\$ 317,202	\$ 746,650	0.38%	\$ 261
2002	433,790	26,162	407,628	282,900	220	282,680	690,308	0.32%	238
2003	395,285	25,957	369,328	824,395	2,369	822,026	1,191,354	0.51%	408
2004	344,365	21,798	322,567	1,268,878	14,966	1,253,912	1,576,479	0.62%	537
2005	393,395	29,085	364,310	1,252,243	66,550	1,185,693	1,550,003	0.55%	527
2006	356,690	29,380	327,310	1,238,405	50,822	1,187,583	1,514,893	0.48%	514
2007	364,355	35,238	329,117	1,206,887	27,328	1,179,559	1,508,676	0.42%	507
2008	330,055	26,474	303,581	1,068,200	15,248	1,052,952	1,356,533	0.35%	431
2009	469,970	50,513	419,457	1,005,955	15,741	990,214	1,409,671	0.35%	443
2010	422,260	35,547	386,713	874,336	3,364	870,972	1,257,685	0.32%	390
(1) See Total Assessed Value on Statistical Table 5.									
(2) See population data on Statistical Table 13.									

**Table 11**  
**County of San Diego**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(In Thousands)**

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit (1)</b>	<b>Legal Debt Margin</b>	<b>Legal Debt Margin/ Debt Limit</b>
2001	\$ 2,446,469		\$ 2,446,469	100%
2002	2,681,046		2,681,046	100%
2003	2,910,780		2,910,780	100%
2004	3,187,496		3,187,496	100%
2005	3,510,222		3,510,222	100%
2006	3,974,481		3,974,481	100%
2007	4,449,977		4,449,977	100%
2008	4,866,194		4,866,194	100%
2009	5,079,687		5,079,687	100%
2010	4,953,682		4,953,682	100%

**Legal Debt Margin Calculation for Fiscal Year 2009-2010**

Assessed value	\$ 396,294,522
Debt limit (1.25% of total assessed value) (2)	4,953,682
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	
Legal debt margin	<u>\$ 4,953,682</u>

(1) For the fiscal years presented, the County had no debt that qualified as indebtedness subject to the bonded debt limit under the California Constitution.

(2) Under California State law, the total amount of bonded indebtedness shall not at any time exceed 1.25% of the taxable property of the County as shown by the last equalized assessment roll.

Table 12

County of San Diego  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(In Thousands)

	Tobacco Settlement Asset-Backed Bonds (1)						
Fiscal Year	Tobacco Settlement Revenues	Less: Operating Expenses (3)	Net Available Revenue	Principal (2)	Interest	Coverage	
2002	\$ 26,205	\$ 50	\$ 26,155	\$ 8,045	\$ 18,160	1.00	
2003	35,444	113	35,331	9,560	25,351	1.01	
2004	29,961	131	29,830	8,930	24,830	0.88	
2005	30,415	172	30,243	9,955	24,446	0.88	
2006	27,915	173	27,742	1,550	11,975	2.05	
2007	29,219	164	29,055	3,100	26,820	0.97	
2008	31,106	146	30,960	6,865	26,599	0.93	
2009	34,181	156	34,025	10,000	26,273	0.94	
2010	28,503	151	28,352	4,500	25,798	0.94	
	Redevelopment Agency Refunding Bonds (Gillespie Field Series Bonds)						
Fiscal Year	Property Tax Incremental Revenues	Less: Operating Expenses (3)	Net Available Revenue	Principal	Interest	Coverage	
2001	\$ 1,696	\$ 1,072	\$ 624	\$ 100	\$ 311	1.52	
2002	2,129	668	1,461	115	305	3.48	
2003	2,237	958	1,279	125	299	3.02	
2004	3,133	2,129	1,004	130	292	2.38	
2005	2,135	1,262	873	140	284	2.06	
2006	2,089	5,485	(3,396)	150	513	(5.12)	
2007	1,976	791	1,185	360	837	0.99	
2008	2,181	1,123	1,058	320	825	0.92	
2009	2,281	1,105	1,176	335	812	1.03	
2010	2,750	1,957	793	345	798	0.69	

(1) Data for fiscal years 2002-2006 applies to the Series 2001 Tobacco Asset-Backed bonds that were issued in 2002. In May 2006, the Series 2001 Tobacco bonds were refunded and the Series 2006 Tobacco Asset-Backed bonds were issued.

(2) Tobacco Principal Debt Service requirements includes Turbo Principal payments.

(3) Operating expenses do not include interest.

**Table 13**  
**County of San Diego**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (in thousands) (2)</b>	<b>Per Capita Personal Income (in dollars) (3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2001	2,864,593	\$97,009,480	\$33,865	488,377	4.3
2002	2,901,719	100,655,726	34,688	494,588	5.3
2003	2,921,810	104,630,453	35,810	499,750	5.7
2004	2,933,929	113,062,259	38,536	499,356	5.1
2005	2,941,658	118,793,000	40,383	498,186	4.5
2006	2,948,362	126,194,000	42,801	495,228	4.2
2007	2,974,861	133,369,000	44,832	496,699	4.6
2008	3,146,274	143,873,000	45,728	494,016	6
2009	3,185,462	134,696,000	42,285	496,702	10.2
2010	3,224,432	137,525,000	42,651	496,995	10.5

**Sources:****Primary**

- (1) DOF - The California Department of Finance
- (2) LAEDC- Los Angeles County Economic Development Corporation, the Kyser Center for Economic Research
- (3) LAEDC- Los Angeles County Economic Development Corporation, the Kyser Center for Economic Research
- (4) California Department of Education & Education Data Partnership
- (5) U.S. Department of Labor, Bureau of Labor Statistics

**Secondary**

- (1) BEA - Bureau of Economic Analysis, U.S. Department of Commerce

Table 14

**County of San Diego  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2010			2001		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (3)
Federal Government	44,000	1	3.13%	41,200	1	3.06%
State of California	42,300	2	3.00%	37,300	2	2.77%
University of California, San Diego	26,823	3	1.91%	21,929	3	1.63%
County of San Diego (4)	16,415	4	1.17%	16,627	4	1.23%
Sharp HealthCare	14,832	5	1.05%	11,184	6	0.83%
Scripps Health	13,823	6	0.98%	9,950	8	0.74%
Qualcomm Inc.	11,847	7	0.84%			
City of San Diego	10,470	8	0.74%	10,361	7	0.77%
Kaiser Permanente	7,404	9	0.53%			
U.S. Postal Service, San Diego District	6,050	10	0.43%	7,018	10	0.52%
San Diego Unified School District				13,000	5	0.96%
Pacific Bell				7,174	9	0.53%
<b>Total</b>	<b>193,964</b>		<b>13.78%</b>	<b>175,743</b>		<b>13.04%</b>

## Sources:

(1) San Diego Business Journal

(2) California Labor MarketInfo

Percentage is calculated by dividing employees by total employment of 1,407,800 as of June 2010

(3) California Labor MarketInfo

Percentage is calculated by dividing employees by total employment of 1,348,500 as of June 2001

(4) County of San Diego 2010 and 2001 Adopted Operational Plans

**Table 15**  
**County of San Diego**  
**Full-time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Years				
	2001	2002	2003	2004	2005
General	1,556	1,567	1,605	1,578	1,495
Public protection	7,472	7,910	8,006	7,667	7,506
Public ways and facilities	356	373	380	351	350
Health and sanitation	2,207	2,287	2,315	2,250	2,130
Public assistance	3,879	4,141	4,027	3,737	3,567
Education	239	278	281	265	265
Recreation and cultural	122	143	145	154	154
Total	15,831	16,699	16,759	16,002	15,467
Function	Fiscal Years				
	2006	2007	2008	2009	2010
General	1,486	1,505	1,538	1,515	1,487
Public protection	7,673	7,804	8,027	7,879	7,575
Public ways and facilities	366	373	393	405	390
Health and sanitation	2,127	2,188	2,242	2,222	2,136
Public assistance	3,761	3,659	3,781	3,659	3,497
Education	275	295	297	312	293
Recreation and cultural	158	168	180	176	173
Total	15,846	15,992	16,458	16,168	15,551

Source: County of San Diego Auditor and Controller, Central Payroll Division

**Table 16**  
**County of San Diego**  
**Operating Indicators by Function**  
**Last Seven Fiscal Years (1)**

Function	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
<b>General</b>							
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	(2)	74.00%	96.10%	94.50%	99.80%	94.00%	93.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	(2)	(2)	100.00%	100.00%	100.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	(2)	99.00%	98.00%	97.20%	96.00%	96.30%	97.00%
<b>Public protection</b>							
Child support services: Percent of current support collected (federal performance measure #3)	41.00%	42.10%	49.00%	50.00%	51.00%	50.00%	53.00%
Sheriff: Deputy Initiated Actions (DIA)	(2)	221,732	215,346	243,118	263,626	270,666	333,924
Sheriff: Number of jail bookings	139,019	145,180	144,727	146,566	142,357	144,756	139,314
Sheriff: Daily average – number of inmates	5,009	5,102	5,184	5,118	5,209	5,141	4,751
District Attorney: Felony defendants received	30,108	31,150	31,182	30,357	27,849	28,150	27,744
District attorney: Misdemeanor defendants received	27,575	25,443	28,068	28,081	28,458	29,512	28,896
Planning and land use: Percent of building inspections completed next day	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Animal services: Percentage euthanized animals that were treatable	(2)	12.90%	12.90%	13.80%	15.80%	15.90%	24.00%
<b>Public ways and facilities</b>							
Public works: Protect water quality through DPW roads/drainage waste debris removal (cubic yards removed)	(2)	42,000	51,287	28,700	29,580	29,180	28,802
<b>Health and sanitation</b>							
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	(2)	(2)	(2)	(2)	(2)	(2)	99.00%
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	(2)	(2)	(2)	(2)	(2)	(2)	97.00%
Air pollution control district: Average number of days meeting the federal ozone standards (3-year avg.)	(2)	356	358	359	355	355	355
Behavioral Health Services: Wait time for children's mental health outpatient treatment	9 days	5 days	4 days	4 days	4 days	7 days	5 days
<b>Public assistance</b>							
Strategic Planning and Operational Support: Welfare to work participants have paid employment	(2)	(2)	(2)	(2)	(2)	(2)	26.45%
Strategic Planning and Operational Support: Welfare to work participants participating in work activities	(2)	(2)	(2)	(2)	(2)	(2)	42.00%
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	93.00%	94.00%	96.00%	96.00%	95.00%	96.00%	95.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equiv.)	74.00%	76.00%	79.00%	83.00%	86.00%	87.00%	85.20%
<b>Education</b>							
County library: Annual average circulation per item	(2)	2.51	2.57	3.08	3.10	5.44	6.46
<b>Recreation and cultural</b>							
Parks and Recreation: Number of parkland acres owned and managed	37,326	40,000	40,600	41,100	41,500	45,043	44,616
Parks and Recreation: Number of miles of trails managed in the county trails program	(2)	(2)	275	305	315	320	325

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section

(2) Trend data not available

Source: Various County departments

Table 17

**County of San Diego**  
**Capital Asset Statistics by Function**  
**Last Six Fiscal Years (1)**

Function	Fiscal Year					
	2005	2006	2007	2008	2009	2010
<b>General government</b>						
Fleet vehicles	1,608	1,797	1,492	2,186	1,841	1,608
Buildings	1,038	1,029	1,108	1,131	1,135	1,092
Land	884	896	917	940	989	1,015
<b>Public protection</b>						
Building - sub stations	5	5	9	12	12	11
Patrol units	922	920	1,415	1,491	1,519	1,806
Detention facilities	9	9	10	10	10	10
<b>Public ways and facilities</b>						
Road miles	1,905.79	1,911.18	1,921.25	1,927.99	1,929.40	1,930.70
Bridges	174	174	174	178	178	178
Airports	8	8	8	7	7	7
Road stations	32	32	15	15	15	15
<b>Health and sanitation</b>						
Inactive landfills	11	11	18	17	17	23
Sewer lines miles	376.32	379.31	379.83	406.00	425.10	427.00
Water pollution control facilities	2	2	3	3	3	4
<b>Public assistance</b>						
Administration building	1	1	1	1	1	1
Housing facilities	6	6	6	6	6	6
<b>Education</b>						
Libraries	27	27	20	20	20	20
<b>Recreation and cultural</b>						
Parks/Open space area	90	90	92	95	92	92
Camp grounds	9	9	9	9	8	8

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section

Source: Various county departments



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# County of San Diego, California

1600 Pacific Highway, San Diego, CA 92101

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